Austria	[illegible]	Iran	[illegible]	Pakistan	[illegible]
Bahrain	[illegible]	Israel	[illegible]	Philippines	[illegible]
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Esc175
Denmark	DKr15	Korea	Won 2500	Qatar	QR10.00
Egypt	[illegible]	Kuwait	Fils.500	S.Arabia	[illegible]
Finland	[illegible]	Lebanon	L£1,000	Singapore	S$4.10
France	[illegible]	Lux	LFr60	Spain	Pta175
Germany	[illegible]	Malta	45 cents	Sweden	[illegible]
Greece	Dr200	Morocco	[illegible]	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	[illegible]
Iceland	[illegible]	Nigeria	[illegible]	Tunisia	[illegible]
India	Rs20	Norway	[illegible]	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	[illegible]

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

SOVIET REFORM

Washington keeps up the pressure

Page 18

FT No. 31,464

Wednesday May 29 1991

D 8523A

World News

North and South Korea to join Nato at same time

In a major diplomatic turnround, Communist North Korea said it would apply to join the United Nations simultaneously with pro-western South Korea.

North Korea took the step reluctantly, because it means giving tacit recognition to the existence of the Seoul government and deviating for the first time from its one-Korea policy. The surprise announcement follows four decades of hostility between the two Koreas. Page 18; Joining the real world, Page 4

Tanker explosion

An oil tanker carrying 32 people was hit by an explosion and fire off the African coast near Angola. Eighteen survivors from the Bermuda-registered Summer, carrying 260,000 tons of oil, have been rescued.

US-USSR gap narrows

US differences with Moscow over the treaty reducing conventional forces in Europe (CFE), which have been holding up a US-Soviet summit, are now "very narrow", President George Bush said. Page 18

Gandhi ashes

In a sombre ceremony, the family of assassinated Indian leader Rajiv Gandhi poured his ashes into the sacred waters at the confluence of Ganges and Yamuna rivers.

Jet wreckage looted

Aviation experts inspected the crash site and wreckage of an Austrian jet that blew apart in flight, killing all 223 aboard. Widespread looting was reported at the scene. Page 4

Mozambican deal

The Mozambican government and Renamo rebels have agreed to sign a compromise deal to unblock peace talks aimed at ending the country's 16-year civil war.

New bishop for Moscow

Tadeus Kondrusevich, 45, The first Roman Catholic Archbishop of Moscow for more than 50 years was enthroned following rapprochement between the Kremlin and the Vatican.

Japanese 'wall of death'

Japanese hunting policy and "wall of death" fishing nets are killing thousands of dolphins, porpoises and small whales, driving many species to the point of extinction, according to a report at the International Whaling Commission meeting in Iceland.

Islamic law for Pakistan

Pakistan's parliament decreed that the Islamic code of Sharia will be the country's supreme law. The controversial legislation was after 40 failed amendments by a weak opposition that called the Bill fundamentalist and undemocratic.

An ageing Europe

Research shows that populations in Europe and Canada are likely to age significantly over the next 60 years, a development that could severely burden economies.

Hijacker to be extradited

A Greek court backed a request for the extradition of Palestinian Abdulrahim Khaled, convicted in Italy of masterminding the Achille Lauro cruise ship hijack in 1985.

Yugoslav debate

Yugoslavia's federal parliament began debate on a motion of no confidence in Premier Ante Markovic, whose attempts at market reform have angered Serbia's government of renamed Communists.

Africa sanctions

African leaders, divided in their response to recent reforms in South Africa, are to review the need for sanctions at the June 3-5 OAU summit in Abuja, Nigeria.

Business Summary

ICL expected to announce purchase of Nokia Data

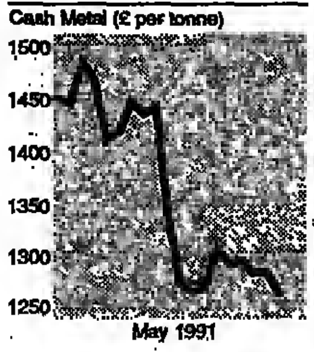
ICL, the UK-based computer manufacturer, 80 per cent owned by Fujitsu of Japan, is expected to announce today that it will buy Nokia Data, computer systems division of Finland's largest public company. Page 19

JAPAN Airlines, the nation's largest international carrier, said pre-tax profits tumbled 49 per cent to Y25.9bn ($187.7m) in the year to the end of March. All Nippon Airways, the leading domestic carrier, suffered a 19.4 per cent decline in pre-tax profits to Y25.4bn. The airlines blamed the effects of the Gulf war for the profits decline. Both suffered lower international passenger load levels. Page 19

COPPER: The dollar's fall influenced the London Metals Exchange's sterling-denominated copper price, which fell to a three-month low of £1,270.50 a tonne in the cash position. The three months price was down still more sharply, by £30 to £1,288.50 a tonne. Attention remained focused on labour relations at the Chilean Copper Corporation (Codelco). Commodities, Page 27; Dollar falls below DM1.70, Page 36

Copper

Cash Metal (£ per tonne)



IMPERIAL CHEMICAL INDUSTRIES, the chemicals combine, has been told by the British government that any bid by Hanson, the acquisitive UK conglomerate, would almost certainly be handled by the European Commission's competition authority in Brussels rather than the British Monopolies and Mergers Commission. Page 19

FERRUZZI Finanziaria (Ferfin), the holding company for Italy's second-largest private-sector group, suffered a 20 per cent fall in after-tax consolidated earnings, net of minority interests, to L248bn ($195m) last year. Page 19

US CONSUMER confidence fell in May for the second successive month, throwing doubt on forecasts that the recession will shortly bottom out. The index fell to 74.2, compared with 79.4 in April and 107.3 a year ago. Page 8

OIL MINISTERS are expected to agree a slight increase in oil production at next week's meeting of the Organisation of Petroleum Exporting Countries (Opec) in Vienna. Page 18

CANADA PACKERS, the Toronto-based food processing subsidiary of Hillsdown Holdings, the UK food group, is selling its edible oils division for C$105m (US$182m). Page 20

BUY-INS: Most UK management buy-ins fail to attain the financial targets in their business objectives, according to a study by Nottingham University's Centre for Management Buy-Out Research.

LAND ROVER: Plans by the UK maker of four-wheel drive leisure/utility vehicles to set up a "sizeable" operation in Brazil are in jeopardy because a Rio businessman claims he is the legitimate holder of the Land Rover name in Brazil.

Ethiopian government to follow rebel win

By Julian Ozanne and Michael Holman

AGREEMENT on a transitional government for Ethiopia was reached at peace talks in London yesterday as rebels won control of the capital Addis Ababa.

The rebels' victory in effect ends 30 years of civil war.

Mr Meless Zenawi, the 36-year-old leader of the Ethiopian People's Revolutionary Democratic Front, the main rebel group, and probable future leader of the country, said in London that his US-endorsed takeover of the capital was complete.

Mr Herman Cohen, the US assistant secretary of state for African affairs who chaired the two-day London meeting, said the three rebel groups involved had agreed to hold a follow-up conference "not later than July 1 to discuss . . . the formation of a broad-based transitional government".

"They have agreed that such a conference is important in order that a wider range of parties and interests be included."

US officials brokering the negotiations sanctioned the capture of the city by Mr Zenawi's EPRDF, but have warned that future aid and co-operation will depend on greater democracy in the country.

Mr Cohen stressed that "the government of Ethiopia, whichever form it takes, cannot axpact international co-operation without democracy. This is extremely important. There will be no exceptions to that rule."

The EPRDF, which once espoused a Marxist ideology, has since moderated its stand.

In addition to forming a transitional government, the rebels have agreed to hold internationally monitored elections in nine to 12 months and convene an assembly to prepare a new constitution.

Yesterday's rapid takeover of the capital, which began with a dawn invasion by thousands of EPRDF guerrillas, allayed fears of a slide into anarchy.

However, implemanting promises of peace, democracy and reconciliation after three decades of civil war and famine will prove a demanding task. Thonsands of government troops are still in the countryside and some loyalist soldiers have yet to be won over.

The other groups at the talks were the Eritrean People's Liberation Front (EPLF), which seeks independence for the Red Sea province of Eritrea, and the Oromo Liberation Front, representing Ethiopia's largest ethnic group which advocates self-determination for the Oromo people.

Mr Tesfaye Dinka, the Ethiopian prima minister who on Monday quit the London meeting after Washington sanctioned the rebel takeover, yesterday callad the talks unrepresentative.

He said the EPRDF's "temporary" position in power did not mean Ethiopia's political problems would be solved."

At his London press conference, seated in front of a red banner dominated by the image of a Kalashnikov assault rifle, Mr Zenawi promised the maintenance of law and order and speedy resumption of famine relief.

In Addis Ababa burnt-out tanks smouldered outside the presidential palace and bodies ware scattered over the grounds where rebels and the army had fought.

Rebels with a cause, Page 5

Nato plans rapid reaction force commanded by UK

By David White in Brussels

A COMPLETE reorganisation of Nato forces for ths mid-1990s, including a British-commanded rapid reaction corps, was agreed yesterday by defence ministers meeting in Brussels.

The new structure means Nato will field smaller forces in the central region of Europe by the middle of the decade. The plan, a response to the collapse of the Warsaw Pact and Soviet withdrawals from eastern Europe, will reshuffle Nato forces from separate nations into mixed formations.

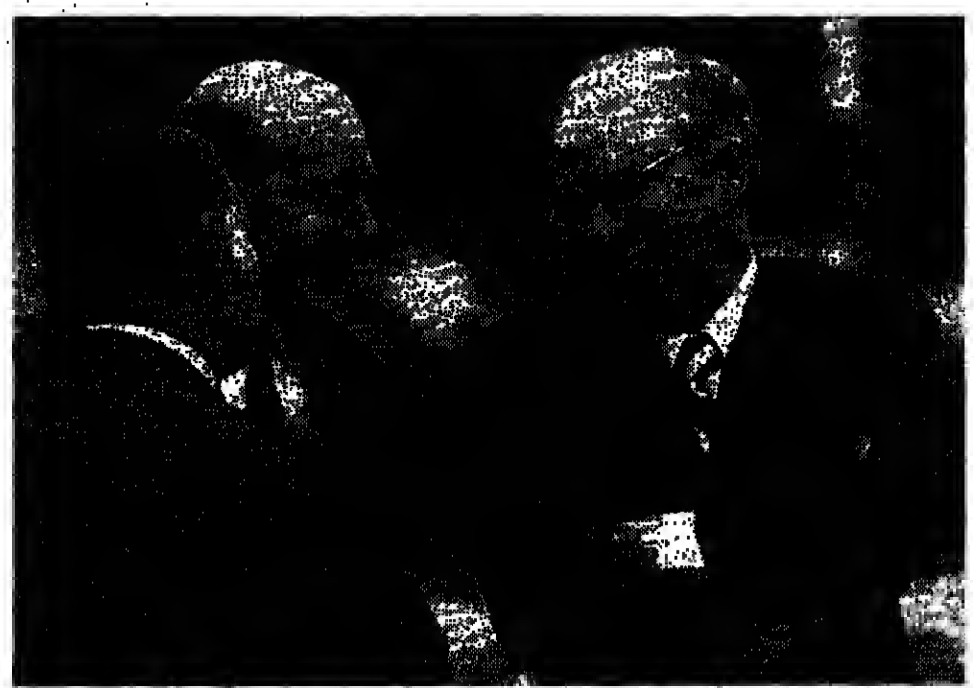
Forces attached to Nato's integrated command are expected to be reduced by more than 20 per cent over the next few years, including deep cuts in US and British stationed troops.

The US Army in Germany is expected to be reduced from more than 200,000 to about 70,000.

Approval of the changes will enable the British government to go ahead with a planned 25 per cent reduction of the British Army to 120,000. The current figure of 55,000 British troops stationed in Germany is to be halved.

The three armoured divisions of the British Army of the Rhine will be cut to one. This division will be given an important role in the new rapid reaction corps, which will be headed by a British lieutenant-general.

However, Mr Gerhard Stoltenberg, German defence minister, said alternative provisions had been made for the British armoured division to be deployed as part of a German-led army corps, depending on circumstances. This means British troops could come under German command.



NATO secretary general Manfred Wörner, centre, chats with US defence secretary Dick Cheney, right, and Greek defence minister Ioannis Varvitsiotis, at yesterday's meeting

The compromise, dual-role arrangement reflects German sensitivity about the high profile being assumed by the UK in the reshaping of Nato's armed forces in Europe after the Cold War.

A key to the new force structure is that it should be adaptable to a range of different contingencies, in contrast to the current structure geared to facing a massive and sudden attack by the Soviet Union.

Under the new-look Nato structure, a British-dominated rapid-reaction corps, totalling between 70,000 and 100,000 men, will train for quick deployment.

Apart from the remaining British armoured division in Germany, it will involve a lighter British division based in the UK, an air-mobile division made up of British, German, Belgian and Dutch units, and a southern region division probably under Italian leadership.

Mr Tom King, British defence secretary, said a US Army division might also be attached to this corps.

Nato is also planning air and naval units for rapid deployment. Tha structure and command of these is due to be settled in the autumn.

Mr Stoltenberg emphasised that the changes in Nato force structures were linked to the strengthening of Europe's role in the Alliance.

Yesterday's talks, at which France was not represented, showed up diverging opinions about the nature of a future "defence identity" for Europe.

● Ian Davidson in Paris adds: The French Foreign Ministry spokesman made clear that France would have nothing to do with a new Nato Rapid Reaction Force since France is not part of Nato's integrated military structures.

New Bundesbank chief appointed for two years

By Andrew Fisher in Frankfurt

MR HELMUT SCHLESINGER, a resolute defender of price stability, will be appointed the next president of the Bundesbank for a two-year term, the Finance Ministry in Bonn confirmed yesterday.

The 66-year old Mr Schlesinger will thus cap a career of nearly four decades at the central bank by succeeding Mr Karl Otto Pöhl, 61, who earlier this month announced that he was resigning in October for personal reasons.

Succeeding Mr Schlesinger as Bundesbank head in 1993, when he reaches retiremant age, will be Mr Hans Tietmeyer, 59, former state secretary at the Finance Ministry who joined the Bundesbank directorate in 1989 and will now move up to vice-president.

The government's quick decision on the succession has avoided the embarrassment caused when Mr Pöhl's confirmation for a second eight-year term, the full period of office, was delayed by coalition disagreemants in 1987. The Finance Ministry said that Mr Theo Waigel, the finance minister, would propose Mr Schlesinger's appointment at today's cabinet meeting or at the next one on June 12.

Although Mr Tietmeyer was widely tipped to succeed Mr Pöhl after he made his resignation known, the government decided that the nomination of Mr Schlesinger would give financial markets stronger reassurance of policy continuity at the Bundesbank.

The tough-talking Mr Tietmeyer, who concentrates mainly on international monetary affairs, has taken an equally strong line on the need for anti-inflationary policies, but he has been at the bank for a relatively short time since leaving Bonn.

Helmut Schlesinger: more restrained

With a more restrained style than tbe often convivial Mr Pöhl, who also came from the Finance Ministry, Mr Schlesinger has nevertheless made his mark on the workings of the Bundesbank as its main economic thinker.

He is less well-known outsido banking circles than Mr Pöhl, but has used every opportunity to hammer home his strong views on the need to stamp ont inflation before it is too late. Last year, as concern grew about the cost of reunification, he called on the government to look at bolder ways of solving the problem such as more privatisation of west German state assets.

Newmont in merger talks with Canadian gold producing group

By Nikki Tait in New York and Bernard Simon in Toronto

NEWMONT MINING, the largest US gold producer, and American Barrick Corporation, a sizeable Toronto-based goldminer with interests ranging from Nevada to Quebec, announced yesterday that they were considering a merger.

If the deal goes ahead, it will create a very substantial gold producing group: Nswmont Mining, through its Newmont Gold subsidiary, prodnces around 1.5m ounces a year, while American Barrick notched np around 600,000 ounces in 1990.

The two companies said that they had already agreed the broad terms of the deal – a share swap involving 1.8 shares in American Barrick for each Newmont share – hnt warned that a number of substantive issues remained to be resolved.

"There is no certainty that discussions will move to the stage where approvals will be sought of the respective boards of directors of shareholders," a joint statement said. Newmont declined to elaborate on the areas still under discussion, or to give a timetable for further talks.

The transaction may involve a separate offer by American Barrick for the 9.9 per cent minority interest in Newmont Gold, which is not currently owned by the US company. If so, there would be a separate share exchange offer, on the basis of 1.845 shares in American Barrick for each share in Newmont Gold. Newmont Gold, Newmont's principal operating subsidiary in the US, would then become a 100 per cent owned subsidiary of the merged group.

About 42 per cent of Newmont's shares are currently held by Sir James Goldsmith, the Anglo-French financier, and a further 7 per cent by companies under the control of Britain's Lord Rothschild. These interests were acquired via an asset swap deal last year with the UK's Hanson gronp. Hanson, in turn, had picked np the Newmont holding through a bid for Consolidated Gold Fields.

Yesterday, Newmont said that the Barrick deal had been discussed with its board, where Sir James is represented, and that it was not aware of any lack of support. In London, however, the merger discussions seemed to create some surprise at the Rothschild offices: "We had no prior news," Mr Clive Gibson, a director of St James Capital, said. "Wa're learning about it now." Sir James was said to be travelling and uncontactable.

In mining terms, a merger would bring together two of the strongest gold producers outside South Africa.

Newmont's 90 per csnt-owned gold mining subsidiary, Newmont Gold, is already North America's biggest producer. It has the advantages of low costs (totalling only US$218 an ounce last year), no debt and huge ore reserves.

Barrick is a less conservative group. It has grown rapidly in the seven years since it entered the gold business, and has gained a special reputation for innovative ways of hedging its

Continued on Page 18

Observer, Page 16

CONTENTS

Zulu leader becomes political force to be reckoned with

Before the latest spate of township killings Chief Mangosuthu Buthelezi was discounted by anti-apartheid activists as a regional leader of little consequence. They have been forced to think otherwise

Page 16

MARKETS

STERLING
New York lunchtime: $1.7455
London: $1.745 (1.7305)
DM2.9625 (2.9575)
FFr10.0675 (10.045)
SFr2.5225 (2.5175)
Y240.5 (239.5)
£ Index 92.0 (91.8)

GOLD
New York: Comex Jun $363.7 (358.8)
London: $361.0 (358.05)

N SEA OIL (Argus)
Brent Jul $19.45 (19.325)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.695
FFr5.768
SFr1.4445
Y137.65
London:
DM1.698 (1.7085)
FFr5.77 (5.805)
SFr1.4455 (1.455)
Y137.85 (138.4)
$ Index 65.7 (65.9)
Tokyo close: 138.35

US lunchtime rates
Fed Funds 5¾%
3-mo Treasury Bills: yield: 5.56
Long Bond: 98⅜
yield: 8.28%

STOCK INDICES
FT-SE 100: 2,479.7 (+8.6)
FT Ordinary: 1,937.0 (+4.5)
FT-A All-Share: 1,194.85 (+0.2%)
New York
DJ Ind. Av. 2,933.36 (+19.45)
S&P Comp 378.78 (+1.29)
Tokyo: Nikkei 25,390.67 (−35.21)

LONDON MONEY
3-month interbank: closing $11\frac{7}{16}$ (same)
Liffe long gilt future: June $90\frac{13}{32}$ ($90\frac{13}{32}$)

EUROPEAN NEWS

Brussels sees Britain's VAT policy as danger

By Andrew Hill in Brussels

BRITAIN'S refusal to let Brussels set European Community rates of value added tax (VAT) could jeopardise the completion of the internal market, according to Mrs Christiane Scrivener, the EC tax commissioner.

Mrs Scrivsner yesterday warned thet continued British intransigence at next Monday's meeting of EC finance ministers risked throwing away perhaps the best opportunity so far for member states to agree on the vexed question of indirect taxation.

"There's a contradiction between a desire to have a single internal market and this refusal to set a minimum rate [of VAT]," Mrs Scrivener said yesterday.

She believes that 11 of the 12 member states now favour a compromise proposal, tabled by the Luxembourg presidency of the EC, for a minimum 15 per cent rate of Vat from January 1, 1993. But approval has to be unanimous and the UK is again set to oppose the proposals on the fundamsntal grounds that VAT rates should be market-driven, and that imposition of rates threatens sovereignty over tax matters.

"The government would be very reluctant, I think, to concede on thet point of principle," said a UK official yesterday. "It's not clear to me that there's any middle way which would allow honour to be satisfied." Britain also disputes the Commission's belief that harmonisation of VAT is essential for the achievement of the single market.

France is likely to raise Vat on some products to help hold the budget deficit at FFr80bn (£7.96bn) this year, Mr Pierre Bérégovoy, the economics minister, said yesterday. The current middle Vat rate is 18.6 per cent.

He said in a radio interview that the Vat increases would "respond to the need to control the budget deficit" at a time when growth and tax revenues are slowing.

The UK's principled objection to VAT harmonisation particularly rankles with Mrs Scrivener because she believes Britain – often critical of the Commission's lack of pragmatism – would have little problem conforming to the Luxembourg proposals, and that other member states bave already made more material sacrifices.

Tbe Luxembourg compromise would allow the UK to retain its current rate of VAT at 17.5 per cent, and, at least for a transition period, continue zero VAT-rates on some socially or culturally important goods and services. "I would say that in this case, it's probably the UK which is in the best position (to comply with the Luxembourg proposals)," Mrs Scrivener said yesterday.

Officials fear that failure to reach agreement on Monday might prompt other EC countries to unearth their old objections to the plan, undermining the possibility of an agreement bsfore finance ministers' self-imposed deadline expires at the end of this year.

At an informal meeting of finance ministers two weeks ago, Luxembourg's representative, Mr Jean-Claude Juncker, said his country wanted to use the last month of its presidency to get some agreement on the issue. But EC officials are also afraid that once released from the presidency, Luxembourg, with its traditionally low indirect tax rates, will revive its own opposition to further harmonisstion. The Netherlands, which takes over the presidency in July, is also thought to be less willing to make concessions to intransigent member states.

The Commission is particularly keen that borders should be seen to be open after 1992. If Vat rates are not narrowed sufficiently, frontier tax checks might still be needed. If agreement is reached, the proposals will take the form of a directive on indirect taxation.

Communist party accused of twisting arms among the military

Col Alexander Rutskoy: counting on votes of Communists and "others who favour democratic change".

Yeltsin's running mate says troops under poll pressure

By Leyla Boulton in Moscow

THE Soviet Union's ruling Communist party is exerting overt pressure on the armed forces to vote against Mr Boris Yeltsin in next month's Russian presidential elections, the Russian leader's running mate charged yesterday.

Colonel Alexander Rutskoy, himself a Communist, said the greatest threat to Mr Yeltsin came from party committees who were ordering ordinary members to vote for Mr Nikolai Ryzhkov, the disgraced former Soviet prime minister known as "the weeping Bolshevik".

"Our greatest weakness is that we don't have district and regional committees and can't force people to vote against their will (unlike the Communist party)," he said in a tongue-in-cheek remark at an impromptu news conference in his cramped office yesterday.

Col Rutskoy, a dapper 44-year-old, seems mors like a retired English army officer who has made a successful career in the City of London than a Communist candidate for vice-president. But be is ideally suited to fighting alongside Mr Yeltsin, who left the party last year.

Sporting a thick greying moustache and polka dot tie, and declaring his hobbies to be fishing and art, the colonel is a man for all tastes. He illustrates the paradoxes of what it means to be a Communist, a military man and a democrat in the present-day Soviet Union.

A member of the central committee of the hardline Russian Communist Party (which has threatened to expel him), he says he is counting on the votes of Communists and others "who favour democratic changes". Made a Hero of the Soviet Union for his prowess as an air force pilot during the Afghan War (he was captured by Afghan rebels after they shot down his aircraft), Col Rntskoy is also an ardent patriot who says that "nobody has the right to tear Russia to pieces".

Having set up a reformist parliamentary group called Communists for Democracy, he favours radical market reforms tempered by "awareness that not everybody is capable of earning a living".

Claiming that the great strength of Leninism is that "it says nothing negative about man", he also reveals that he is a Christian.

Lighting a cigarette, the colonel says he visits the Zagorsk monastery every three months to "rest his heart and soul". Like a knight going into battle, he went to the fathers of the Russian Orthodox Church on Monday to seek their blessing for "this great task".

But he says that unlike the Communist party, the church, which is re-emerging as an important force in Russia, will not give instructions to its believers on how to vote. His only advice to the electorate is to come out and vote, and "leave your indifference at home".

Indexation of earnings moves a step closer

By Leyla Boulton in Moscow

THE Sovist parliament yesterday gave preliminary approval to legislation for the partial indexation of earnings to cushion Soviet citizens against inflation.

The legislation is designed to ease popular fears about steps to a market economy but begs the qnestion of whether the country can afford it. The Labour Ministry estimates that every percentage increase in a yet-to-be-created retail price index will cost Rbs3.55bn (£1.16bn) in compensation.

The law, which goes for a second rsading later this month, is thus short on detail. The official explanation for this, however, is that consumer baskets and the degree of compensation for various categories of citizens have yet to be worked ont by central and republican governments.

Indexation for pensioners, students, teachers, doctors and other state employees who do not work in industrial enterprises, is supposed to come from (depleted) state coffers. But compensation for workers in state-owned enterprises will in theory be compensated from wage funds and tied to productivity increases.

This suggests that profitable enterprises will have to carry higher wage bills, while loss-makers will have to run to the state for more money.

The Soviet government, which says its ultimate aim is to free prices, increased state retail prices on April 2 by an average of 70 per cent.

Madrid in drive to save US air links

By Peter Bruce in Madrid

A HIGH-LEVEL Spanish foreign ministry delegation is due to start emergency talks with the US Department of Transport in Washington today, in an effort to prevent the possible collapse of air traffic between the two countries.

The US warned last week that the Spanish authorities had until yesterday to explain why they had blocked introduction of a new American Airlines route from Miami to Spain, a United Airlines route, due to start next month from Washington, and plans by Continental to fly from Newark, New Jersey, from next January.

If the Spanish delegation fails to satisfy Washington, and Spanish flights to the US are blocked in retaliation, officials in Madrid warn that established US routes to Spain could in turn be blocked, thus threatening all traffic between the two countries.

Spain's decision to block the first American flight from Miami has brought to a head a tense debate between the two countries over revisions to their bilateral air transport treaty, signed in 1972. The Spanish feel the weight of traffic is tilting too heavily in favour of US airlines.

Spain wants its state-owned carrier, Iberia, to be allowed to build a hub at Miami to serve Latin America and the Caribhean. Iberia has recently bought control of Aereolinas Argentinas and a Chilean carrier, and wants to become Europe's main carrier to South America. Iberia is also pressing to be allowed to sell internal routes in the US, through agreements with regional airlines.

Officials at Iberia were confident yesterday that the row over blocking American Airlines could quickly be resolved. But some analysts believe the Spanish will find it difficult to persuade Washington to allow Iberia to open a hub in Miami, as this could imply a huge increase of traffic from Spain to the US.

W German inflation

Wsst German inflation accelerated again in the month to mid-May, to its highest year-on-year level since last November, Reuter reports from Frankfurt.

The Federal Statistics Office said cost of living for May was provisionally 0.3 per cent up on April, 2.9 per cent higher than a year earlier, and the highest annual rate since 3 per cent in November 1990. Economists expect the rate to rise, perhaps topping 4 per cent in July.

Bucking the German trend with management buy-outs

By Leslie Colitt in Berlin

MR Helmut Warnke is a rare species of manager in Germany, east or west.

As managing director of the APAG aluminium products enterprise in Potsdam, he and two other executives took over their former east German state company two months ago in a management buy-out.

"We did it without knowing what it was called," the new owner admitted.

Management bny-outs are unusual in west Germany and even more so in the east where takeovers by west German companies are generally the rule. Just 80 out of nearly 1,600 former state enterprises sold by the Treuhand agency for the privatisation of east German concerns were bought by their eastern managers. But the Treuhand now believes that 1,200 of the 7,400 companies it still has to sell could be disposed of through MBOs. Smaller and medium-sized companies, in particular, are seen as obvious candidates.

Mr Warnke, however, was loath to approach the privatisation agency last September when he decided to embark on a management buy-out. Ths Treuhand had rejected his first bid for privatisation in early 1990 and he was convinced that former communist functionaries in the agency were to blame.

"We were afraid of dealing with the sams people and being turned down again," Mr Warnke explained.

Instead, he established a holding company with three other APAG managers. They took in a minority shareholder to negotiate on their behalf with the Treuhand.

West German banks were also difficult to convince because they felt the security being offered was too vague and the risk too great, Mr Warnke said. In the end, the company's former house bank, Deutsche Gewerbebank, which bad been renamed and revamped as the Volksbank Potsdam, was willing to finance the purchase solely against the security of the future business prospects, which appeared bright. APAG had won several new customers in the west after losing all but three of its 300 former customers as a result of competition from the west following currency union.

Mrs Birgit Breuel, the new president of the Treuhand, said at a recent management buy-out fair under Treuhand auspices, that in the event of equal bids the agency would give preference to MBO offers. She also suggested that the Treuhand could take steps to reduce the debt load of the companies in question.

Mr Wolfgang Jadwillat, the director of a state bakery in Waren in the north of east Germany, saw sales plunge after currency union last year. The bakery used to receive 12m Marks a year in subsidies to produce bread which was so cheap that farmers often used it as fodder.

A few west Germans offered to buy the bakery bnt the offers appeared to be vagus and the prospective buyers had not raised the finances to back their proposals. Mr Jadwillat suspected that some only wanted the bakery for the property which they would later re-sell at a large profit.

Another potential bnyer wanted the company to supply bread to a discount food chain which would have meant a radical reduction in bakery staff because the product would have become more standardised.

After a harrowing experience with the Treuhand last year, which withdrew its guarantee for a DM600,000 (£202,000) loan to the bakery - the bakery was never certain why - Mr Jadwillat engaged a management consultant and decided on a buy-out with three partners.

He was convinced they could meet competition from more distant west German commercial bakeries by providing fresher products to the local market with the help of new equipment and top quality raw materials. The company owns 12 retail outlets in and around Waren.

Each manager provided 25 per cent of the DM2m share capital, with the help of personal loans secured by their homes. They also qualified for a European Recovery Programme loan - derived from the original funds provided to German companies under the post-war Marshall Plan - and the buy-out was concluded last month.

Mr Charles M. Taylor, an American lawyer attending the MBO fair, said he was surprised, in the light of west Germany's key economic role in the European Community, that relatively few US investors (and other non-German investors) were showing interest in east German companies. This appeared short-sighted as west Germany was virtually guaranteeing the success of east Germany's economic transformation, he noted.

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EUROPEAN NEWS

Bérégovoy: preserving stability of French money

Slower growth in France forecast

By Ian Davidson in Paris

FRENCH economic growth is unlikely to be higher than 1.5 per cent this year, Mr Pierre Bérégovoy, the finance minister, said yesterday.

This is a significant downward revision when compared with the most recent government assumption that growth might reach 2 per cent. That itself was sharply down on the original budget forecast of 2.7 per cent growth in 1991.

At the same time, however, the government reported a sharp improvement in the April trade figures, highlighted by a first-ever surplus in trade with Germany.

Mr Bérégovoy revealed his lower growth forecasts in testimony to the senate in which he confirmed his determination to stick to the achievements of the government's policy of economic discipline.

He said he intended to "guarantee to the French that the stability of their money would be preserved", and added that he intended to "consolidate, in all circumstances, our economic achievements". Mr Bérégovoy specified that he hoped to bring the inflation rate below 3 per cent this year.

Earlier, he told a radio interviewer that it was his duty to "do everything to get the economy going", since unemployment would increase if growth did not start again. On the other hand, he expected that growth would resume in the second half of the year.

The April trade deficit dropped to FFr2.1bn (£200m), compared with FFr4.2bn in March. The deficit in industrial goods remained roughly stable at FFr4.6bn, but there was a sharp reduction in the energy deficit, as a result of the mild weather and the economic slowdown.

For the first four months of the year, the trade balance showed a deterioration in the cumulative deficit of FFr15bn in seasonally adjusted terms, compared with a deficit of FFr7bn last year.

The trade balance with the rest of the European Community moved into surplus (FFr1.6bn in April) from an average deficit of FFr2.9bn over the previous 12 months.

This improvement was mainly due to a sharp improvement in trade with Germany, from a deficit of FFr700m in March to a first-ever surplus of FFr300m in April.

● France's domestic airline Air Inter said yesterday it would cut flights by 30 per cent today and tomorrow because of a strike by flight engineers, Reuter reports from Paris.

The engineers' two-day stoppage is over guarantees about their future, a spokeswoman said. Air Inter is introducing two-crew cockpits and the flight engineers fear they will be phased out. The company earlier staved off a strike by pilots after reaching a settlement on wages.

Brussels urges EC strategic oil reserves

By Andrew Hill in Brussels

THE European Community should consider building up strategic oil stocks to help ensure price stability and security of supply at times of crisis, Mr Antonio Cardoso e Cunha, the EC energy commissioner, said yesterday.

Such stocks should be "similar in size to the strategic petroleum reserve in the US", which stood at 586m barrels at the beginning of this year, and was drawn on during the Gulf crisis.

"The management of these strategic oil stocks shall be co-ordinated at Community level and decisions whether to draw from them or add to them taken in close co-ordination with the leading industrialised countries," said Mr Cardoso e Cunha.

The commissioner's comments, in a speech to the Brussels-based Centre for European Policy Studies, are likely to increase the controversy about the Commission's attempts to widen its control over EC energy policy during a crisis.

Some member states are already worried about directives proposed last October which would give the Commission the right to instruct member states to sell stocks and cut demand as part of the short-term response to an oil crisis.

Mr Cardoso e Cunha said yesterday that the Community needed "a quicker and more efficient system" of responding to a crisis, consistent with the existing mechanisms of the International Energy Agency. But he added: "We must all be careful to avoid any intention of creating an over-centralised, bureaucratic system."

The Community should also pursue plans to develop new oil fields, he said, particularly in the Soviet Union. Mr Cardoso e Cunha visited the Soviet Union earlier this month to discuss the European Energy Charter, aimed at helping the country tap its energy resources.

He said yesterday he agreed with the Soviet authorities' desire to consult the country's individual republics about the EC initiative. "It is essential, in my view, that the republics should be actively involved in the charter," he said.

Bonn says Polish pact to go ahead

GERMANY said yesterday that a treaty to improve troubled relations with Poland would be signed on June 17 as planned despite objections by German right-wingers, Reuter reports from Bonn.

The government spokesman, Mr Dieter Vogel, said this had been agreed by the three parties in Chancellor Helmut Kohl's centre-right coalition, including the right-wing Christian Social Union (CSU).

The Bavarian CSU, small sister party to Mr Kohl's Christian Democrats, had demanded that the treaty be renegotiated to include extra rights for the German minority in Poland.

Their specific demands – including the right to education in German and for bilingual street signs in areas where ethnic Germans live – now look likely to be aired in a special resolution which, Mr Vogel said, the coalition parties would put to parliament when it voted on the treaty.

Unemployment blow for Denmark

An unexpected rise in unemployment has knocked the Danish budget off course, writes Hilary Barnes in Copenhagen. The Finance Ministry now expects the deficit to rise this year to DKr35.6bn (£3.14bn), or about 4.2 per cent of gross domestic product, compared with DKr23.2bn in 1990. In January the ministry predicted a deficit for 1991 of DKr29.4bn.

Unemployment, forecast in January to average 270,000, or about 9 per cent, is now expected to be about 285,000, or 10 per cent. Both government and private economists expect a recovery in domestic demand in 1992.

Greece to extradite Palestinian to Italy

A Greek court yesterday approved the extradition of Palestinian guerrilla Abdulrahim Khaled, wanted in Italy over the hijacking of the cruise ship Achille Lauro in 1985, Reuter reports from Athens.

Washing night blues as dams run dry

Kerin Hope on how Cypriots are coping with the most severe drought in 20 years

LIGHTS burn late in Nicosia these days as Greek Cypriot housewives stay up to switch on the washing machine in the early morning hours. The worst drought in half e century means that mains water is strictly rationed. In most districts it flows only three times a week, invariably at night.

"One night I do the laundry, the next I clean the floors and the third I water the garden. You get used to going to bed at 4 am," says Mrs Stella Ioannou.

"But the pressure is so low we can't always fill the tank on the roof for the other days."

Water shortages are by no means unusual on Cyprus, which relies for its supplies on melting snow from the Troodos mountains and winter rains in low-lying areas. Boreholes are used sparingly to protect ground water levels.

The last severe drought was 20 years ago, hnt its effects were less devastating becanse demand was much lower then.

In the Greek Cypriot south of the divided island, increased irrigation of farmland together with a population shift from villages to towns, where people quickly grow accustomed to hosing down cars and balconies and acquire water-hungry household appliances, is held responsible for a steady rise in consumption.

The prolonged tourist boom, which can double the island's population in the hottest months, is also blamed, both for using np reserves and encouraging Cypriots to adopt "wasteful north European habits like taking two showers a day," as a shopkeeper in the Ayia Napa resort put it.

Despite domestic rationing, curbs on irrigation of summer crops and extensive drilling of new boreholes, southern Cyprus will run out of water at the end of December, according to the Water Development lopment Department.

"Even though we do our best to catch every drop of precipitation, the reservoirs will run dry hy the start of 1992. But I don't see it as a disaster. It'e more of a challenge," says Mr Constantine Lytras, head of the department.

After a fairly dry winter in 1989, rainfall last winter fell 50 per cent below normal levels, but most moisture disappeared through evaporation and virtually no water reached the reservoirs. Less than 24m cubic metres of water is left in the island's five main reservoirs, down from 118m two years ago.

The short-term solution is to import water hy tanker from the southern Greek island of Crete, Mr Lytras says. Supplies can be guaranteed from a pipeline that carries water from beneath the White Mountains to towns in western Crete.

The irony is that Cyprus has an enviable record of water husbandry, as a result of several ambitious irrigation and dam-building projects launched more than 20 years ago under the auspices of the UN Food and Agriculture Organisation.

The Greek government has agreed to provide at least half the overall Cypriot daily requirement of 65,000 cuhic metres from September onwards. The Cretan pipeline has an outlet close to Souda Bay, the region's main port, and there is no shortage of Greek-owned tankers available for charter.

"The bigger the ehip, the cheaper the cost for the 30-hour voyage from Crete. But a large tanker is too big to dock at a Cypriot port," Mr Lytras says.

The department is planning to install a seabed pipeline from an offshore mooring facility to a pumping station close to Limassol port.

At the same time, construction of a desalination plant for the south of the island, postponed for years because of the high costs involved, will have to be speeded up, Mr Lytras says.

The drought is also causing problems in the Turkish Cypriot north of the island, where natural springs in the Kyrenia mountain range have dried up because of extensive borehole drilling.

Mr Rauf Denktash, the Turkish Cypriot leader, wants to revive an old idea of laying e seabed pipeline to bring water from southern Turkey, only 40 miles eway.

However, Greek Cypriot officials say that the plan is unworkable because the channel between Cyprus and Turkey is too deep.

The irony is that Cyprus has an enviable record of water husbandry, as a result of ambitious irrigation and dam-building projects launched more than 20 years ago under the auspices of the UN Food and Agriculture Organisation.

An irrigation project for Paphos in the southwest covers 5,000 hectares of farmland in e fertile coastal plain. A similar project for the Limassol area provides irrigation for another 1,500 hectares as well as supplying hotels and local industry.

The Kouris dam and reservoir, the largest on the island with a capacity of 115m cubic metree, was completed two years ago. It was intended to meet Nicosia'e domestic water for almost two decades. But rainfall etarted to decline before it had filled up.

Statistical evidence suggests that Cyprus may face e third dry winter, quite apart from the effecte of possihle long-term climatic changes, according to Mr Loizos Hadjioannou of the Meteorological Office.

"We talk about the greenhouse effect contributing to e drifting of climatic zones, with disturbances of precipitation in different areas. But nothing is definite yet," he says. Historically, Cyprus has always been subject to drought."

European Diary

Cyprus

EC takes cautious line on Yugoslavia

By David Buchan in Brussels

THE SQUABBLING republics of Yugoslavia can hope for closer relations with the European Community soon only if they stay together and progress towards a collective democracy, EC leaders will tell their Yugoslav counterparts this week.

Mr Jacques Delors, Commission president, and Mr Jacques Santer, prime minister of Luxembourg which holds the EC presidency, today begin a delayed two-day trip to Belgrade.

The EC leaders postponed a trip earlier this month because they felt it might coincide with a takeover by the Yugoslav army, seeking to quell violence surrounding the impasse over the transfer of power within Yugoslavia's federal presidency. That impasse still exists, but in an apparently calmer atmosphere.

The two EC leaders will see members of the federal presidency, as well as prime minister Ante Markovic and leaders of the country's six republics. The Belgrade government underlined its eager expectation that EC mediation might somehow help settle Yugoslavia's political deadlock by sending its foreign minister, Mr Budimir Loncar, on a lightning visit to Brussels on Monday to prepare the EC visit.

This expectation is not shared by Mr Delors, but he and the Luxembourg presidency have come under pressure to offer their "good offices" from several EC governments, not least the UK, which has suggested eventually taking the Yugoslav problem before the Conference on Security and Co-operation in Europe (CSCE).

Brussels' leverage consists of insisting that, while Yugoslavia will continue to get EC aid – comprised mainly of a new Ecu807m (£565m) loan package over the next five years – it cannot hope to join other east European countries in reaching a free trade agreement, envisaging eventual EC membership, unless it ends its regional quarrels and holds country-wide elections.

INTERNATIONAL NEWS

HK's price of success is high

John Elliott looks behind the inflation choking the colony's economy

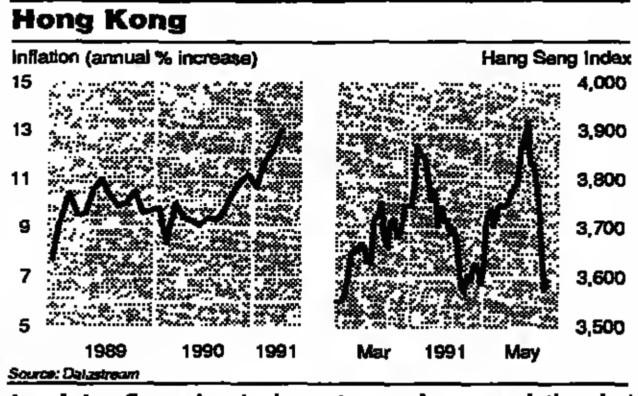
FOR ONCE Hong Kong is plagued by a problem which stems primarily from its outstanding economic success – unlike most of its current crises which are associated with its return to Chinese sovereignty in 1997.

But the problem – an inflation rate of nearly 14 per cent – is still linked with China and many experts believe it is unsolvable in the short term – at least partly because of these links.

Since the mid-1980s, Hong Kong's manufacturing industry has moved into the low-wage areas of Guangdong province in southern China to employ 2m-3m people.

This has left the colony to develop as a service industry centre for Guangdong. The consequential structural adjustment has been painless in industrial and social terms, but it has pushed wages and prices up rapidly in Hong Kong because there have been sharply increasing demands for services from a limited total labour force of only 2.77m. This, most economists believe, is the basic cause of the high inflation.

"Inflation in Hong Kong is largely domestically generated by the rapid structural changes," says Mr Alan McLean, chief economist of the Hongkong Bank. "It primarily affects internal pricing and has not had much impact on export prices which have been going up at only about 2 to 3 per cent a year because they are cushioned by Guangdong's low manufacturing costs."



Source: Datastream

Economists suggest that this trend means that Hong Kong will have to tolerate core inflation of 8 to 11 per cent while the structural changes continue and while Hong Kong's services continue to be stretched by the demands of southern China.

That would probably be politically acceptable. But Sir Piers Jacobs, financial secretary, pushed the level up too far in his Budget in March which fuelled inflation by boosting indirect taxes. His biggest, and totally unexpected measure was a 200 per cent increase in tobacco tax, introduced "for health reasons", which is estimated to have contributed 2 percentage points to an annual inflation rate of 13.9 per cent last month.

Sir Piers was forced to halve the 200 per cent tax increase two weeks ago and then last Friday launched a series of counter-inflationary measures with an unexpected and controversial 1 per cent rise in interest rates. This was intended to apply a psychological restraining shock to a spiralling housing market and to high wage demands.

Today Sir Piers will unveil further measures at a hostile meeting of the Legislative Council which is flexing its muscles before its first direct elections in September. The government knows that the consensus system, which has controlled the council's meetings in the past, is ending – and it is tending to over-react.

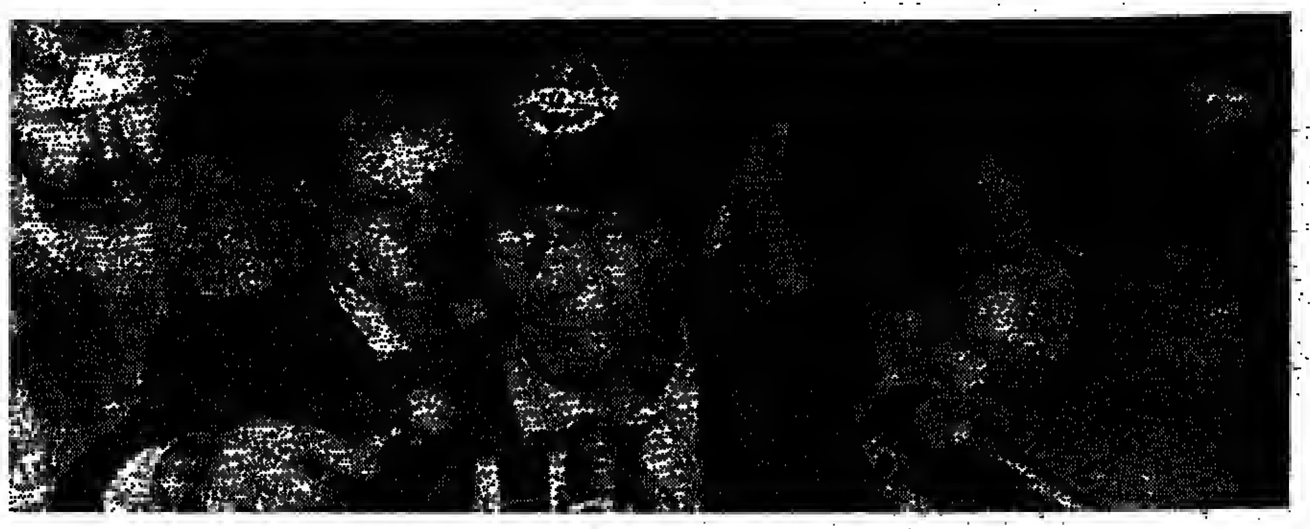
The government also wants to boost confidence at a time when the colony is being hit by uncertainty over its HK$100bn (£7.4bn) airport project, which is blocked by China, and over the future of China's most-favoured-nation trading status with the US.

The sensitivity to bad news was shown when the local stock market plummeted by 3.5 per cent on Monday in reaction to the interest rate rise. This brought the total fall over five trading days to 8.7 per cent, with the local Hang Seng Index dropping from 3,917.09 to 3,575.52, initially because of airport and MFN worries. Yesterday it improved marginally to 3,594.78 after President George Bush backed MFN without conditions.

Sir Piers can however only make limited progress in economic terms because the Hong Kong dollar has been pegged to the US dollar at a rate of 7.8 to one since 1983 to stabilise the currency.

"The problem of the inflation is basically structural, not monetary, because the peg ties the price of tradable goods to US levels. But it does not tie down consumer prices and domestic inflation at a time when people are moving in a tight labour market into higher value-added service activities and when living standards are rising rapidly," says Mr John Greenwood, chairman of G.T. Management Asia, and the original proponent of the dollar peg system.

The peg is frequently attacked as inflationary when it forces Hong Kong to follow US prices upwards. Now it will be criticised for hindering the government's ability to tackle the present inflation problems.



The airline's founder, Mr Niki Lauda, talking to reporters prior to touring the site where the Boeing 767 came down

Bomb theory persists in Thai crash

THAI officials yesterday refused to discount speculation that a bomb may have caused the loss of a Lauda Air Boeing 767 over Thailand on Sunday night, reports Paul Abrahams.

However, Mr Niki Lauda, the airline's founder, refused to comment about the possibility of a bomb, although he admitted that the largest pieces found at the site of the crash were smaller than those discovered at Lockerbie, the Scottish town over which a bomb destroyed a Pan Am 747 in 1988. Mr Lauda discounted a suggestion by the Thai authorities that bad weather could have contributed to the crash. "There was no storm," he explained. "Rain, yes. But rain doesn't cause an aircraft to crash." He added that the aircraft had reported no abnormalities before the accident.

Mr David Learmount, the air transport editor at Flight International, said yesterday that sabotage was looking increasingly likely as a cause for the accident.

"It fits the bill in all respects," he said. He pointed out that the crew had not had time to issue a mayday warning and that the aircraft had broken up when cruising at 31,000 ft. According to Boeing, the aircraft's manufacturer, only 5.2 per cent of accidents involving commercial jets – but excluding sabotage – occur when the aircraft is cruising.

"The disaster will have a direct effect on passenger demand on Far East airlines," said Mr Learmount. Pan Am estimates it lost $250m after Lockerbie. Mr Lauda owns 51 per cent of Lauda Air and 49 per cent is owned by Itas Austria.

N Korea forced to join the real world

By John Ridding in Seoul

THE announcement by North Korea that it will submit an application to join the United Nations is the clearest signal to date that the ending of the cold war and increasing diplomatic isolation are dragging the world's most closed society into the real world.

The implications are all positive. Membership of the UN for the two Koreas will help ease tensions on the heavily militarised Korean peninsula, improve the prospects for eventual reunification and reduce the threat of terrorist incidents such as the downing of a South Korean airliner in 1987. But Pyongyang's move was not a voluntary step. North Korea has ardently opposed Seoul's formula of separate UN membership and yesterday's about-face undermines its reunification policy of "One Korea".

Its reluctance to shift its position is clear from the wording of the terse foreign ministry statement. "As the South Korean authorities insist on their unilateral UN membership, important issues related to the interests of the entire Korean nation would be dealt with in a biased manner at the UN rostrum. We can never let it go that way."

But the real reason for the change lies in the breakdown of cold war alliances and the diplomatic isolation of Pyongyang. In particular China, its staunchest ally but which is improving relations with Seoul and trying to repair its own international image, indicated to Pyongyang that it is no longer prepared to veto Seoul's application to join the UN.

The reversal of North Korea's policy is unlikely to herald any imminent breakthrough in inter-Korean relations. In particular, Pyongyang, which has suspended direct high-level contacts with Seoul, will be angered that it had to make such a concession.

"This is a form of opening up which does not cost them anything in internal terms," said one western diplomat. It doesn't open their borders and it doesn't alter the totalitarian political system. The change in Pyongyang's line also reflects mounting pressures on President Kim Il Sung's regime due to diplomatic isolation and a stagnating economy.

Pakistan's GDP set to expand by 5.6%

By Farhan Bokhari in Islamabad

PAKISTAN'S gross domestic product is projected to grow by a better than expected 5.6 per cent in the current fiscal year to June, up from 4.6 per cent the previous year.

In a 400-page annual economic survey published yesterday ahead of tomorrow's budget, the government said the main reason was an increase in agricultural production of 5.1 per cent, up from 2.7 per cent a year earlier. Higher crop yields in wheat and cotton played an important part.

The government said exports grew 22 per cent while imports rose 10 per cent. But the balance of payments was hit by higher oil prices and lost remittances from overseas Middle Eastern workers due to the Gulf crisis. The crisis is believed to have cost Pakistan's economy around $700m. The current account deficit for the year is expected to stand at $1.85bn against an earlier estimate of $1.33bn.

Measures to cut government expenditure and raise new revenues are expected to be announced in tomorrow's budget.

Other measures expected are an overhaul of the country's taxation system and a possible announcement on privatisation.

● Pakistan has approved the setting up of the country's first private sector airline. The carrier, which will operate primarily on domestic routes, is being established by the Aga Khan Fund for Economic Development.

Rao expected to be Congress president

By David Housego in New Delhi

THE ASHES of Rajiv Gandhi were yesterday scattered on the waters of the Ganges and Yamuna rivers at Allahabad in a family ceremony that marked the end of the funeral services for the late Congress party leader.

Senior congress officials watched from a motor boat at the juncture of the two rivers – a site sacred to Hindus – before returning to Delhi and the resumption of the election campaign.

Barring last minute accidents, Mr P V Narasimha Rao, 70, a former cabinet minister under several administrations and widely regarded as second in command of the party under Mr Gandhi, will be elected today as Congress president. Mr Rao is from the south which has been increasing its influence in parliament.

Mr Rao had initially been reluctant to take the post because his health has been poor as a result of a recent open-heart surgery. Leaders of the party are insisting that the post of president should in future be separated from that of prime minister to prevent the concentration of power that occurred under the Gandhi family.

In advance of today's choice of a Congress president, the party has established the battle lines of its campaign. These will focus on capitalising on the sympathy vote and on blaming the Hindu revivalist BJP for "destabilising" the country by encouraging religious fanaticism and violence.

هكذا من الأصل

INTERNATIONAL NEWS

Ethiopian rebels with a cause lack coherent programme

By Julian Ozanne, Africa Correspondent

THE Ethiopian People's Revolutionary Democratic Front (EPRDF), whose fighters yesterday swept into the embattled Ethiopian capital, Addis Ababa, is a shadowy rebel coalition moulded by years of guerrilla fighting away from the influence of the outside world.

Until recently little was known about the organisation or its leader, Mr Meless Zenawi, 36, a former medical student who was educated at the British School in Addis Ababa. Now Mr Zenawi and his colleagues are about to taka power and form a government after 17 years fighting in the cold and inaccessible Ethiopian highlands.

It is a formidable task for a movsment whose leader recently admitted candidly: "The military momentum is way ahead of the political momentum."

So far, however, the rebels appeared to have conducted themselves with discipline and restraint in the areas they have "liberated". There have been no reports of a breakdown in law and order, nor of revenge killings which many feared. People who have travelled with the EPRDF fighters say they are dedicated and self-denying.

The EPRDF coalition, formed in 1989, is dominated by the Tigray People's Liberation Front (TPLF), which in turn is the military force of the Marxist Leninist League of Tigray (MLLT). Mr Zenawi is general secretary of the three bodies. The TPLF, which grew out of a popular revolt in Tigray province in 1975, at first demanded autonomy or independence for its region, adopted Marxism-Leninism as its ideology and Stalinism as its mode of centralised organisation.

Until recently it professed a rigid vision of socialism modelled on the Albanian style.

This, however, did not win it support from the former east bloc which, during the cold war, continued to shore up the regime of President Mengistu Haile Mariam. The TPLF taught itself self-reliance, capturing Soviet weapons and tanks from government forces, and learning to manufacture basic commodities and cater for the young and sick in underground or camouflaged schools and hospitals.

Two years ago the TPLF set about broadening its ethnic base beyond Tigray and set up the EPRDF which brought other ethnic groups including Oromos and Amharas into the organisation. The process of political revision of its stance continued with its first national congress last January. The political programme which emerged from that meeting appeared to jettison some of the most rigid tenets of Marxism-Leninism in favour of a broad commitment to basic democratic rights and a pluralist political system.

"The EPRDF stresses the need for the full, all-round democratic participation of the people in matters of state and policy," the revised programme stated.

However, in building a "revolutionary democratic political system based on ... a multiplicity of political parties and organisations" the EPRDF also announced that "the rights of the remnants of the anti-democratic feudal class and the fascist Derg need to be curtailed".

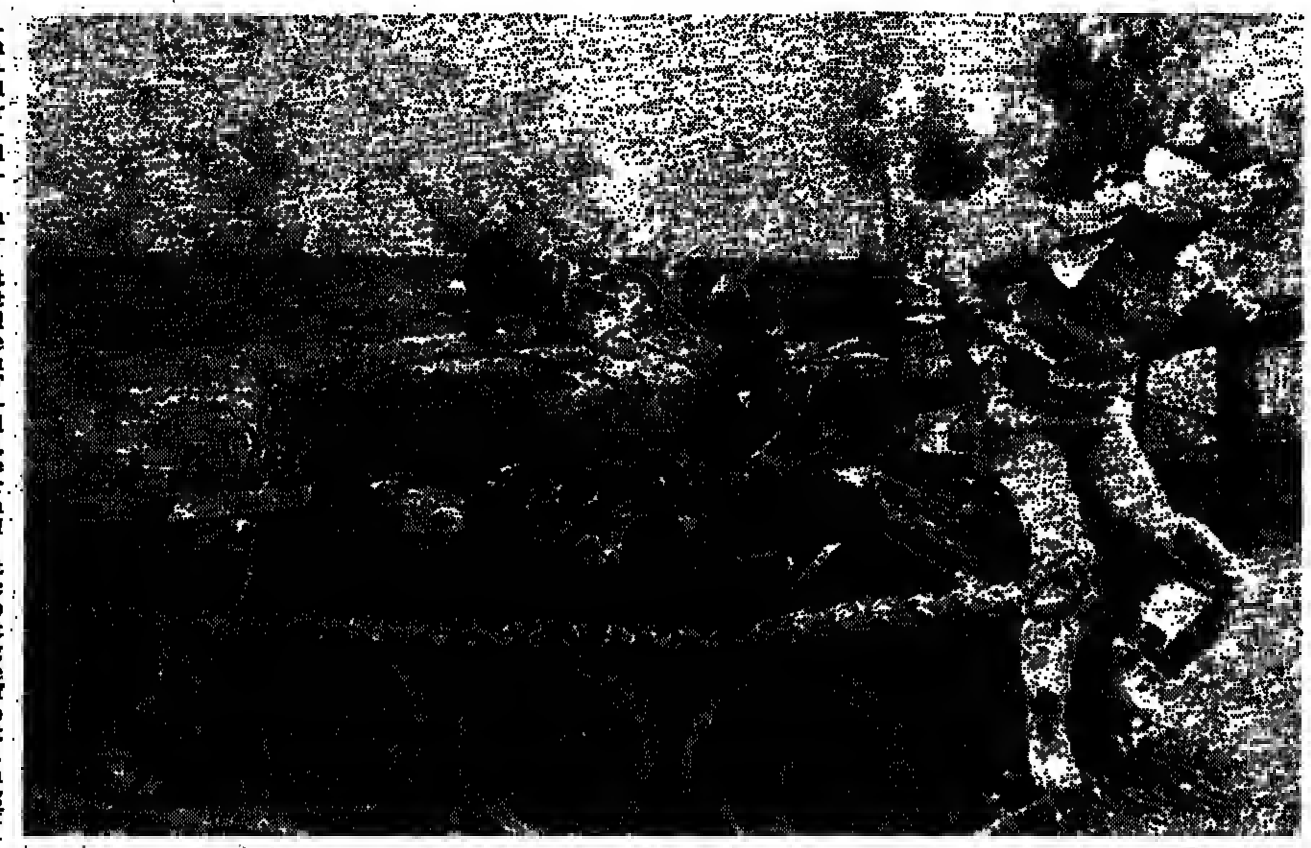
The revised programme also calls for a "revolutionary democratic economy" which will be based on state ownership of sectors which play a decisive role in the economy, worker participation in running public enterprises, state control of trade and continued nationalisation of land.

The EPRDF is also committed to the right of self-determination for the country's disparate nationalities. Whether these policies will form the basis of Mr Zenawi's leadership remains questionable. Moving from opposition to government and from theory to practice is always difficult, but especially so in a country as battered as Ethiopia. The US, however, which has given the EPRDF its seal of approval, will want to ensure that Ethiopia proceeds along a democratic path.

Mr Herman Cohen, US assistant secretary of state for Africa, felt it necessary yesterday to warn both the EPRDF and the Eritrean People's Liberation Front (EPLF), who are now in control of Eritrea, that the US would not approve of Marxism-Leninism.

"We believe that Marxism does not dominate sither organisation as an ideology but we have given both of them notice that US co-operation depends on a democratic system," he said in London.

US officials who have been negotiating with Mr Zenawi describe him as impressive, realistic and honourable. Whether these qualities filter down through the rest of his organisation remains in doubt. But they are the qualities which will be essential if Mr Zenawi is going to win broad support for his government and embark on reconciliation and reconstruction.



A rebel jumping from a tank in Addis Ababa, near the presidential palace, which was set alight during the fighting

Syria and PLO edge closer to new links

By Tony Walker in Cairo

SYRIA and the Palestine Liberation Organisation mainstream yesterday edged towards closer co-ordination, after two days of talks in Damascus. But there was no sign that Mr Yassir Arafat, the PLO leader, would yet be welcome in the Syrian capital.

Reconciliation between the PLO and Syria after a long estrangement took a step forward when President Hafez al-Assad received Mr Farouk Kaddoumi, head of the PLO's political department or "foreign ministry."

Mr Kaddoumi, a former Ba'athist, has tended to be mnch closer to the Ba'ath Party leadership in Damascus than his PLO colleagues. He last visited the Syrian capital in 1988 for the funeral of the late Khalil al-Wazir, the assassinated PLO military commander.

PLO and Syrian officials focused on finding common ground on Middle East peace efforts. Both Syria and the PLO are concerned the US may seek to push ahead without involving them.

The PLO supports Syria's demand that the UN play a "significant" role in any proposed regional conference. It is also calling for EC involvement in peace efforts.

Israel has rejected UN participation and has expressed lack of enthusiasm for European involvement. The Israelis have said they will never deal with the PLO which they brand a "terrorist gang".

The question of Palestinian representation at any proposed conference is certain to have figured prominently in Mr Kaddoumi's discussions in Damascus. The US has floated the idea of a joint Jordanian-Palestinian delegation to overcome the Israeli veto on the PLO.

Syria, at various times, has suggested an Arab delegation representing all Arab interests. This has not been received with much enthusiasm in the region. Mr Assad has pursued a long feud against Mr Arafat. In 1983, Syria backed a failed mutiny against Mr Arafat's control of the PLO. Reconciliation attempts have failed.

Independence within reach at last for rebellious Eritrea

By Stephanie Gray

AFTER three decades of rebellion against ths Addis Ababa government, Ethiopia's northern province of Eritrea has independence within reach.

Instead of being a contentious issue at yesterday's peace talks in London, participants - in advance of their arrival - had agreed to ths demand by the Eritrean Peoples' Liberation Front (EPLF) for a referendum in which the province's electorate will be able to chooss independence as one of their options.

Historically, both Britain and the US have opposed independence for Eritrea. But two developments spurred Washington's shift to tacit acceptance of the right of self-determination for Eritrea.

The recent capture of Asmara, the provincial capital, and the Red Sea port of Massawa left the EPLF as the de facto government of Eritrea. A speedy agreement in London was thought essential if the situation in Addis Ababa was not to degenerate into the sort of carnage witnessed in the Somali capital Mogadishu earlier this year, and Liberia last year.

In return, the EPLF - which advocates multi-party democracy and a mixed economy - is willing to delay a referendum until after a transitional government is in place, perhaps for 18 months. Says Mr Issaias Afwerki, secretary general of the Front: "If a postponement is found to be necessary and acceptable the EPLF shall do that without hesitation."

Any new government in Addis Ababa must hope the introduction of democracy will convince Eritreans unity is the best way forward. Addis Ababa is likely at least to be uneasy at the prospect of losing control of the Red Sea ports, Ethiopia's only direct route to the sea - notwithstanding an EPLF promise not to impede access.

The Front argues its right to independence follows the same principles which guided other nations in post-colonial Africa. A UN resolution of 1950 federating Eritrea with Ethiopia, say EPLF officials, implicitly recognised Eritrea's separate identity and territorial integrity when it recommended Eritrea should become an autonomous unit "with its own legislative, executive and judicial powers in domestic affairs."

Modern Eritrea began with Italian colonisation in 1898.The Eritreans helped the British defeat them during the Second World war. It was controlled by a British military administration between 1941 and 1949, and administered by the UK Foreign Office until 1952.

The four victorious post-war powers failed to agree on the province's future, and established a UN commission in 1950 to consider the "wishes and welfare for Eritrea and Ethiopia's legitimate need for access to the sea".

The commission's findings advocating federation with Ethiopia, were controversial, with critics charging public opinion had been misrepresented or unfairly influenced.

Shortly after the federation agreement, Ethiopia began to violate and undermine it, says the EPLF. Political parties and trade unions were banned and Ethiopia expropriated the Eritrean share of customs and excise duty. Some industries were closed and moved to Addis Ababa.

In 1956 Tigrinya and Arabic, the official languages under the new constitution, were banned and Amharic imposed. Full annexation came in 1962 after elections for the third Eritrean parliament the previous year had been fixed by Addis. They were held under strict Ethiopian control and without the independent electoral commission stipulated by the Ertirean constitution. Parliament finally accepted the dissolution of the federal arrangement and annexation of Eritrea amid reports of bribery, arrests and intimidation of MPs.

Successive governments in Addis Ababa have maintained that Eritrea has been part of the kingdom for 3,000 years. Precedents have been cited which date back to the Queen of Sheba, whose liaison with King Solomon allegedly founded the dynasty of the Lion of Judah in Ethiopia. Its modern representative was Haile Selassie, overthrown in 1974.

The argument now seems to have been settled on the battlefield rather than the court of history.

Fair view across border from Monterrey

Mexico's industrial groups are optimistic on free trade with US, writes Damian Fraser

MEXICO'S leading industrial companies have survived a turbulent decade. Ten years ago their debts were so large they faced financial collapse. Five years ago they were squeezed by prolonged domestic recession, price controls, soaring inflation and the dismantling of Mexico's trade barriers. Now, having barely recovered, they face a new challenge: free trade with the US.

Those with the most to lose – and gain – from a US-Mexican free trade agreement (FTA) are a handful of industrial conglomerates in the northern city of Monterrey, the business capital of Mexico. Together the 10 biggest Monterrey groups achieved sales last year of $10bn (5 per cent of Mexico's gross national product), profits of more than $650m, and they employed more than 180,000 people.

The five biggest – Alfa, Visa, Vitro and Cydsa – owned by various branches of the Garza Sada family, and Cemex, owned by the Zambrano family, dominate Mexico's steel, cement, petrochemicals, consumer goods, packaging and glass industries.

These groups have always earned, and continue to earn, above-average returns by exploiting their enormous market power, aided by Mexico's lax anti-monopoly laws, and, until the 1980s, their easy access to foreign capital. But a free trade agreement will force these companies to compete with their most efficient counterparts in the US, leading, some fear, to a substantial reduction in their profit margins.

That at least is the gloomy view. But almost no-one in Monterrey subscribes to it. The five big conglomerates are all strong supporters of the FTA.

Mr Ernesto Martens, head of Vitro, now Mexico's largest industrial group, reckons that "free trade with the US will make a significant change to our business – for the good". Cydsa, which as a producer of petrochemicals looks one of the most vulnerable to competition, says that even if there was an FTA tomorrow his company could easily cope. Visa, Mexico's largest consumer goods producer, Alfa, and Cemex all expect to gain from an FTA.

Mexico's heaviest concentration of private business is so confident in part because it reckons it has already adjusted to Mexico's relatively open-door trade policy, initiated after the country joined the General Agreement on Tariffs and Trade in 1986.

In the past five years the conglomerates have narrowed the focus of their business to no more than a handful of core holdings. They have successfully restructured their finances and all are embarking on ambitious new investment programmes – the top 10 conglomerates intend to invest $1.3bn in 1991, a substantial part of which is being financed, for the first time in a decade, in the international capital markets.

Nowhere is the mood of optimism better captured than in Cemex and Vitro, the two most successful of the Monterrey-based companies. Both are gearing up to an FTA by targeting the US market are committed to new investments and modernising of existing plants, and are sticking to their core holdings, cement and containers respectively.

The five big conglomerates expect to benefit from free access to the US market

Both are expected to increase exports to the US when and if, there is an FTA between Mexico and the US. Thus, for example, a recent US International Trade Commission report argued that thanks to their lower costs and the current stiff US non-tariff barriers against exports, Mexican cement producers in Mexico would be one of the big winners from an FTA. (Cemex is now appealing against the successful anti-dumping suit brought against it last August, which caused its exports to fall by a third last year.)

Similarly Vitro faces an assortment of tariffs on its US-bound exports, including 37 per cent tariff on tableware exports, and the threat of losing preferential (duty-free) status if penetration of some markets exceeds pre-set limits.

Mr Martens says: "If an FTA does go through we can dedicate our time to marketing, selling and distributing, whereas today we give time to legal encounters".

Like Cemex, the company's plans to expand in the US are boosted by its virtual monopoly of its domestic market and the resulting cash flow.

The optimism in Monterrey is not simply, or even largely, grounded in the FTA. All five conglomerates stand to lose or gain much more from changes in Mexico's internal domestic demand than from greater access to or competition from the US market.

And Mexico's economy, if not booming, is picking up. Last year GNP grew by 3.9 per cent, the fastest growth since 1981; this year it may beat that. As a result even the volume of sales at Alfa and Cydsa, the two shakiest conglomerates, grew by 8 per cent last year compared with 1989, and at Cemex by 9 per cent.

Profits have increased more slowly than sales, and, in real terms, actually fell in the first quarter of this year at Cydsa, Alfa and Vitro compared with the first quarter of 1990, thanks mainly to government price controls, and the real appreciation of the peso.

But already some price controls – on beer, soft drinks and cement in particular – have been lifted; as a result first-quarter profits at Cemex were up 213 per cent in real terms compared with the first quarter of 1990, and at Visa by 79 per cent. Most people in Monterrey expect remaining price controls to be lifted when and if an FTA is signed.

But the biggest reason an FTA would not substantially harm the Mexican conglomerates is that it would remain difficult for foreigners to make substantial inroads in their domestic markets. By investing heavily in their core sectors, maintaining control of the country's distribution channels, and moving downstream in production, the Monterrey groups have ensured that they will be able to take advantage of market power and, occasionally, superior productivity, for some time to come.

Canada calls on US to cut steel exports

HARD-PRESSED Canadian steelmakers are asking their US rivals and Ottawa for relief from a surge in imports, especially from south of the border, Bernard Simon writes from Toronto.

Mr Paul Phoenix, chief executive of Dofasco, Canada's biggest steelmaker, claimed foreign suppliers took a 30 per cent share of the domestic market in January, with imports from the US making up 20 per cent of the total. US imports traditionally account for about 6 per cent of the market.

The Canadian industry is seeking an informal restraint pact with US producers. It has asked the Canadian government to speed talks on new bilateral anti-dumping and subsidy rules under the 1989 US-Canada free trade agreement.

Canada has been hurt by the strong Canadian dollar, currently trading at about 87 US cents. Mr Phoenix said many US mills are fighting for market share on both sides of the border.

Statistics Canada figures show domestic steel output fell to 249,900 tonnes in the week to May 18, 4.1 per cent lower than the previous week and 15.6 per cent down on a year ago. Output for the year to date is 7.5 per cent below 1990.

Land Rover plan to set up in Brazil strikes patents snag

By Christina Lamb in Rio de Janeiro

PLANS by Land Rover, the UK maker of four-wheel-drive leisure/utility vehicles, to set up a "sizeable" operation in Brazil are in jeopardy because a Rio businessman claims he is the legitimate holder of the Land Rover name in Brazil.

The factory would be Land Rover's first Latin American operation. The company, which aimed to be producing up to 18,000 vehicles a year in Brazil from 1993, would be the first foreign vehicle assembler to set up there for 15 years.

Despite Brazil's need for foreign investment, which in recent years has been leaving rather than entering the country, its much criticised intellectual property legislation has brought it near losing the Land Rover deal to a site elsewhere in the continent.

Mr Hilton Perreira II, a businessman, had the Land Rover and Range Rover trademarks cancelled by the Brazilian patent office (INPI) in February and applied for them himself. He registered the company, Land Rover do Brasil, in November and carries a business card declaring himself chief executive.

Mr Perreira has not yet been granted the trademark and name, but INPI says the real Land Rover would have to use a different corporate name and logo and change the vehicle names if it did set up in Brazil.

Operating from a showroom in Copacabana with another in Sao Paulo, Mr Perreira claims to have already sold 67 vehicles since March, with 146 more orders on his books.

He says he has no problem obtaining the vehicles which he buys through France and Belgium and has taken out newspaper advertisments proclaiming himself to be the only real Land Rover dealer.

Mr Perreira seems to have law partly on his side. Under current Brazilian patent rules, a company can lose the right to use its trademark if it does not use it commercially within Brazil for two years.

Land Rover has not brought vehicles into Brazil since closing its factory there in 1958. Mr Richard Morley, project director, points out: "Until last year Brazil had not allowed imports of vehicles for 30 years. The only way we could have brought them in was illegally."

He is angry at what he describes as "a farcical situation", and says that as the patent has not actually been granted to Mr Perreira, he has no right to use it.

Land Rover's first court appeal over the INPI decision failed, but Mr Morley hopes to win another appeal after representations by UK diplomats to the government which claims to be promoting liberalisation and is redrafting patent legislation.

The company is due to open a sales and marketing office in Sao Paulo next month, but has not said where the assembly plant will be based.

Japanese companies in Saudi oil link study

By Robert Thomson in Tokyo

THREE Japanese companies have agreed to conduct a feasibility study with Saudi Arabia for joint development of large oil refining facilities in the two countries, they said yesterday.

The proposal is for a refinery in Saudi Arabia with a capacity of 300,000 barrels a day and a Japanese refinery with a 150,000 b/d capacity. Mr Eiichi Nakao, Japan's minister of international trade and industry, praised the proposal, which he said could help to stabilise the supply of oil to Japan.

Officials at the three Japanese companies, Nippon Oil, Nippon Mining and Arabian Oil, suggested Caltex Petroleum of the US might also be involved, as the company has close links with Nippon Oil, which has been leading the talks with Saudi officials.

The Gulf crisis stirred fears in Japan about the security of the country's oil supplies, and prompted companies to search for investments in areas outside the Gulf, as well as strengthen their ties with Gulf countries. Japan depends on imports for 99.7 per cent of its oil needs, and about 70 per cent of those imports are from the Middle East.

Trade ministry officials said the refinery proposal would strengthen ties with the state-run Saudi oil company Aramco, and welcomed the suggestion that Caltex would have a role.

The Japanese government has urged companies to exercise restraint in bidding for Gulf reconstruction contracts and has encouraged joint ventures in the region with US companies.

Japanese trade officials said the project would probably allow Saudi Arabia to sell a share of the Japanese product to other north Asian countries, while providing Japan with a stronger domestic refining capacity.

Trusthouse Forte expands overseas

TRUSTHOUSE Forte, the UK's biggest hotel chain, is to expand its hotel and catering operations overseas in two deals announced yesterday, David Churchill writes.

THF, soon to be renamed Forte, has set up a partnership with two South American hotel companies, Hoteles and Asahoteles, to develop Travelodge hotels there.

The South American hotels will be more up-market than the UK's budget Travelodge brand. The first to be developed will be the 200-bedroom Hotel Orquidea Real in Bogota, Colombia, to cost £1.4m. Others will be developed as opportunities arise, but the partnership hopes to develop a 40-strong chain.

THF's industrial catering operation Gardner Merchant announced a joint venture to provide contract catering services in Hong Kong. Gardner Merchant will have 51 per cent of a new company formed with Vitasoy International Holdings of Hong Kong and Japan's C. Itoh Corporation. The venture is acquiring the M.Y. Cheng Catering Company of Hong Kong for its operations base.

Siemens wins Dubai power plant order

A CONSORTIUM led by Siemens, the German electronics and engineering group, has won a DM1.4bn (£470m) order to build a combined power and water desalination plant for Dubai, AP-DJ reports from Frankfurt.

Siemens' KWU power plant engineering division will take a DM500m share of the work. The consortium also includes Dutco Balfour Beatty of Dubai and London, Waagner-Biro of Austria and the Glasgow-based Wier Westgarth. The contract for the turnkey plant project was awarded by Dubai Electricity Co.

The new plant, to be built at an existing industrial complex and known as Jebel Ali "G", will be dual-powered to run on either natural gas or light fuel oil. It will produce up to 401MW of electrical energy and convert 273,000 cubic metres of seawater a day into drinking water.

Siemens said KWU will supply the four gas turbine generator sets for the plant, as well as transformers, electrical equipment, instrumentation and control systems. It will also provide site management for the two-unit plant.

Ricoh the record breaker

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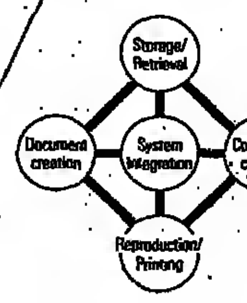

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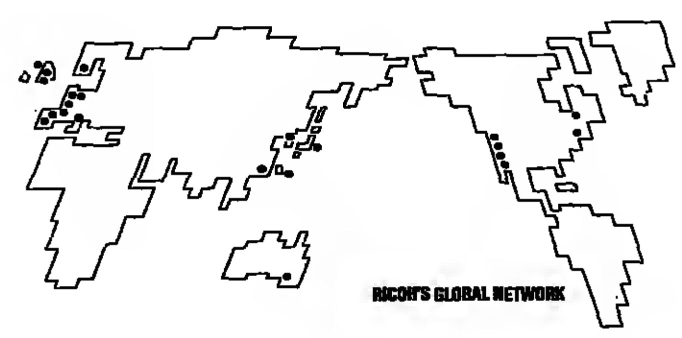
The **DIGITAL DS320** lifts the fast duplication of images into a new dimension. It is not simply a photocopier (although it carries out routine tasks with superlative ease) but rather a machine for recreating images designed to meet all likely needs in editing and high-definition resolving power.



These versatile and advanced machines are the end-product of RICOH's sustained commitment to systematic R & D on which the company spends more than 6% ($360 million) of its net annual sales.

RICOH operates a European Facsimile Design Centre in Germany. Among its responsibilities is the design of RICOH equipment to meet the special needs of European customers and to ensure that the products conform to the requirements of the various European Standard Authorities. This R & D effort covers a wide area, such as materials, optics, information science, production technology, artificial intelligence and satellite technology.

RICOH attaches supreme importance to quality, reliability and service. Hence the popularity of the **FT4418** copier, for example, so well known for its sturdy dependability and its cost and time saving functions. The range is further strengthened by the **FT4421**, and will be completed shortly with the new **FT4415**.

Those who are aware of the latest developments in Fax technology will not be surprised to learn that RICOH is about to complete the first global Fax network, specially set up for the 1992 Olympics, for which the company is Official Sponsor for Facsimile Systems.

It is wholly appropriate that RICOH should be sponsoring the Fax facilities at the 1992 Olympics, the greatest of all global championships, for RICOH itself is a company whose products are recognised globally for their excellence.

And RICOH's global growth will be sustained by its determination to deserve its reputation for reliability and innovation backed by first-class service, of the kind that has already given it the largest share of the Japanese market in mono and colour copiers.

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AMERICAN NEWS

US consumers still lack confidence in economy

By Michael Prowse in Washington

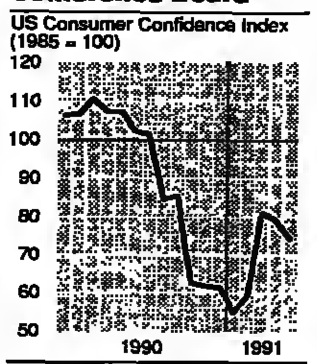
US CONSUMER confidence fell in May for the second successive month, throwing doubt on forecasts thet the recession will shortly bottom out.

The index fell to 74.2, compared with 79.4 in April and 107.3 a year ago, the Conference Board, a New York-based business analysis group, said yesterday. The decline indicates tha eupboria following victory in the Gulf war has worn off.

The level of confidence, while significantly higher than the low of 55.1 in January, suggests consumers remain nervous about economic conditions. Mr Fabian Linden, a spokesman for the board, said: "People's attention is returning to the realities of a soft economy."

Most forecasters regard a revival in consumer spending – which accounts for two thirds of gross national product – as an essential prerequisite for a sustained recovery. But the confidence figures suggest buying interest is weakening.

Plans to buy a car, which rose in April, fell this month and remain well below the levels of last summer. Plans to buy a home over the next six montbs fell for tbe second month running, having risen sharply in March. Plans to purchase appliances such as washing machines declined for the fourth successive month.



The proportion of respondents saying current business conditions are "bad" rose to 38 per cent from 36 per cent. Concern about unemployment also rose, witb 38.6 per cent of respondents saying jobe are hard to get.

The survey, based on interviews with 5,000 families, also revealed a continuing discrepancy between confidence in current economic conditions and confidence about tbe future.

An index measuring confidence in the "current situation" stands at 45.2, having fallen every month since last July, when it registered 116.6.

An index measuring consumers' expectations, bowever, stands at 93.5, compared with 91.6 when the recession began last July and a low of 55.3 in January. A surge in this component fully accounted for the rise in confidence following the Gulf war.

● The National Association of Realtors reported yesterday a 3.4 per cent increase in sales of existing – as opposed to new – bouses in March. This was the third successive monthly increase in sales and another sign that the housing market, while still depressed, may be staging a tentative recovery.

The Commerce Department also revised figures for building permits – a barometer of future construction activity – to show an increase of 2.4 per cent in April, compared to its initial estimate of a 3 per cent decline.

Sao Paulo engulfed in a tide of pollution

Victoria Griffith on how the world's fastest growing city tackles its daunting problem

ON a bed day in Sao Paulo, Ms Luiza Erundina, the city'e first socialist mayor, may face any one of a number of nrban disasters. During March and April this year, severe floods hit the city, isolating entire neighbourboods and claiming the lives of at least 18 people.

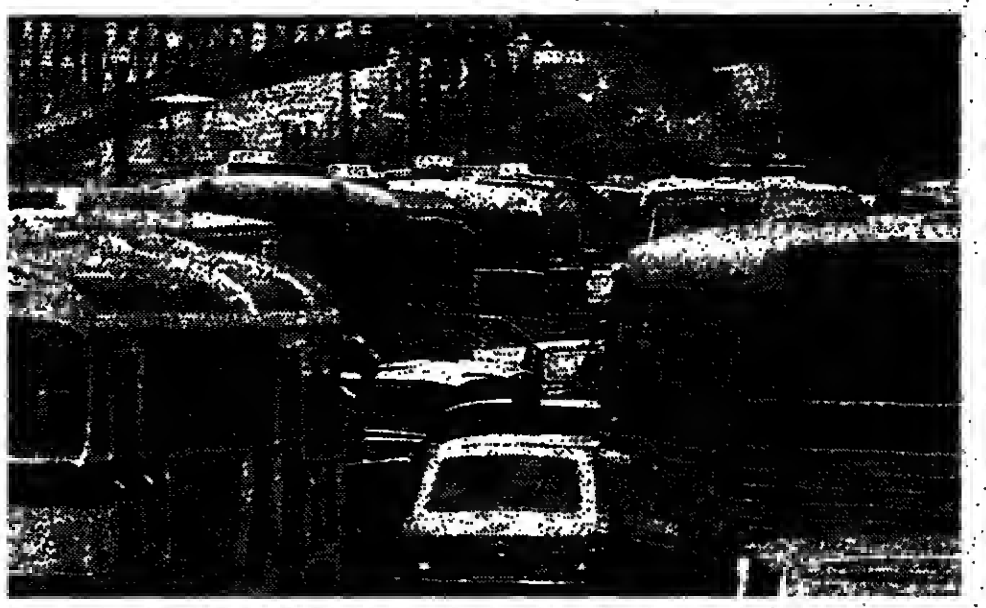
Over the last two months, Sao Paulo has also been intermittently plagued by bus strikes, leaving millions of labourers in the city with no way of getting to work. Even when transportation is functioning normally, workers living in poverty-stricken shanty towns in the city's outskirts may face a four-hour commnte to work in dangerously overcrowded buses.

A few weeks ago, frustration over tbe situation exploded into riots, with workers attacking 69 city buses.

Now that the rainy season is over, Ms Erundina has a new problem to cope with: the pollution which rises to critical levels in Sao Paulo during the drier winter months.

Air quality in the centre of the city was considered inadequate or worse for 55 days over the six month period between May and October last year.

Sao Paulo is suffering the consequences of decades of uncontrolled growth. The last 30 years have transformed the city from e sleepy regional centre with a population of less than 4m to the largest city in South America, with 17m inhabitants.


Traffic jam Sao Paulo style: more than 8m people head for home daily

"If we don't take radical measures to deal with Sao Paulo's population explosion," said Ms Erundina, "what is now a problem-ridden city will become complete chaos."

A growth-related rise in pollution alone could have nightmarish effects. Some 80 per cent of Sao Paulo's air pollution is prodnced by motor vehicles. Together, smoke-belching trucks, cars and buses produce 450,000 tonnes of pollutants a year, enough to fill a very large football stadium.

Dr Jose Carlos Darisin, director of environmental quality at the state pollution agency CETESB fears that the thousands of additional cars on the city'e roads may prove disastrous.

"If we don't take action quickly, the air quality in Sao Paulo may drop to life-threatening levels," he said.

The root of the city's problems are economic. Sao Paulo is the richest city in South America, contributing about 15 per cent of Brazil's gross domestic product.

Sao Paulo's economic vitality has produced a moneyed business class with consumption habits to rival the world's richest. Despite the wealth of a few, one third of Sao Paulo's inhabitants live below the poverty line. Many are migrants from the poor north-eastern states who came to Sao Paulo in search of a better life. But with the city's number of unemployed now topping 1m, the better lifs is becoming increasingly elusive.

"I came to Sao Paulo from the (north-eastern) state of Para," said a young man who after years on the street has found refuge at one of the city's homeless shelters.

"My family raised the money for my trip. But I could never find a job, because I don't have a Sao Paulo identity card. Everyone expected me to return a rich man. How can I go back with nothing but the clothes on my back?"

According to Dr Derisio of CETESB, one of the main reasons for the heavy floods this year is the soil erosion prevalent in the city's slum areas.

"The people in the favelas don't understand the importance of planting vegetation," he said. A great amount of soil is continually being washed to the city's rivers, making them extremely shallow. So any heavy rain quickly causes them to overflow."

"We clean up the streets one day," a sanitation worker complained to Ms Erundina during a municipal inspection, "and the next day it's as if we never touched it, the garbage is so thick on the ground."

Poverty is also threatening to create a cholera epidemic of Peruvian proportions in Sao Paulo. Sanity conditions in the city's favelas are precarious at best.

Sao Paulo's yearly budget is $3bn. At $176 per inhabitant, the sum seems adequate at first glance. However, a law prohibiting the dismissal of any government worker guarantees an outsize public sector and half the budget is absorbed by employees' salaries.

Ms Erundina went as far as Europe last year in her search for more funds for the city. She came back empty-handed. "If this city is to save itself from disaster," said the mayor, "we will have to organise Brazilian society to take responsibility for its own problems. As long as that doesn't happen, I see no solution, either for Sao Paulo or for Brazil."

Democrat condemns China's MFN status

SENATOR George Mitchell, Senate majority leader, yesterday attacked President George Bush's dacision to renew China's most favoured nation (MFN) trade benefits and promised a battle in the Senate to reverse the president's "failed" China policy, writes Nancy Dunne in Washington.

Mr Mitchell threw his influence behind a bill giving China six-month conditional renewal for its MFN. After that China would lose its trade benefits – the lowest tariffs available – unless it improved its human rights practices, permitted immigration and ended nuclear proliferation.

The Democrat senator's call to battla came as no surprise to the White House. Mr Bush, who announced the intention to renew during a speech at Yale on Monday, went on the offensive against his critics.

"Some argue that a nation as moral and just as ours should not taint itself by dealing with nations less moral and just," ha said. "But this counsel offers up self-righteousnesa draped in false morality."

Mr Mitchell voiced his outrage over the reference to morality, and called it "especially offensive... that he seeks to clothe what is an immoral policy in moral terms".

The debate will have political resonance in the run-up to presidential elections. Memories of the 1989 Tiananmen Square massacre have not faded, and the president's defence of US business interests in China will be seen as another attempt to favour the wealthy.

Court backs North's 'unfair trial' ruling

COLONEL Oliver North, e leading figure in the Iran-Contra scandal, could face a new trial or have charges against him dismissed following a Supreme Court ruling yesterday, AP reports from Washington. The court let stand an Appeal Court ruling that the former White House aide may have been denied a fair trial.

Col North was convicted in 1989 of misleading Congress in its investigation of the Iran-Contra affair, accepting an illegal gift and unlawfully shredding government documents. Only the first two convictions were examined in the appeal.

At issue was whether the federal prosecutor and his staff violated Col North's rights by using for the prosecution's case testimony given to Congress under immunity.

Bush seeks to allay health fears

By Peter Riddell, US Editor, in Washington

PRESIDENT George Bnsh maintained his usual intense pace of golfing and boating at his holiday home in Maine yesterday as doctors checked whether chemicals in water could have caused the thyroid condition known as Gravss' disease from which both he and his wife Barbara suffer.

In the face of continned speculation about his health dne to his, at times, gaunt appearance and tiredness, Mr Bush has tried to show he is as energetic as ever.

Mr Marlin Fitzwater, White House spokesman, said the president had gained a faw pounds during his Maine holiday and that his heart beat was normal.

"The president looks great, feels great, reports that he's in good condition and the doctors feel he's in good shape," he stressed.

Mr Fitzwater said that, because of tha "enormous" coincidence of both the president and his wife having the same non-contagious thyroid condition, doctors were checking to see if there was some environmental cause, such as iodine and lithium in the water at the White House, Camp David, his Maine holiday homa, or the National Observatory, where he lived for eight years as vice-president.

Mr Fitzwater, however, brushed aside the suggestion that there might be links between the Bush's thyroid problems and their dog Millie's lupus, an inflammatory disease which is also an auto-immune disorder.

Argentine civil servants offered pay incentives

MR Carlos Menem, Argentina's president, is to press ahead with the second phase of the civil service reforms begun last year, writes John Barham in Buenos Aires.

The reforms, a key part of Argentina's move to free markets, are intended to replace a corrupt and inefficient bureaucracy with a streamlined civil service which rewards competence and efficiency.

Mr Gustavo Beliz, the presidential aide executing the reforms, says the 160,000-strong civil service will now be required to attend regular training courses, designed by Harvard University. Outstanding performance will ba rewarded with higher pay and promotion, and pay differentials will be increased.

Last November, in the first phase of the reforms, 47,000 civil service jobs were cut through early retirement and rationalisation. The Economy Ministry expects the reforms to yield savings equivalent to 0.8 per cent of GDP.

Ulster talks stalled over choice of chairman

By Ralph Atkins and Our Belfast Correspondent

MR PETER Brooke, Northern Ireland secretary, edged forward his talks process in the province yesterday but failed again to clear the way for "round-table" talks to start.

Agreement between Northern Ireland's four main constitutional parties has been reached on the job description for the independent chairman Mr Brooke has proposed for the second strand of the talks, when the Irish government will enter negotiations.

However, no agreement has been reached on how the identity of the chairman will be decided. If Mr Brooke decides that a single candidate, or a slate of alternatives, has to be selected before talks can proceed, "round-table" talks could be delayed for several days.

A possible way of speeding up the process would be if Mr Brooke were able to agree with all parties a mechanism for choosing the chairman whilst the first strand of "round-table" talks – on internal government in the province – went ahead.

The nationalist Social Democratic and Labour Party stayed away from meetings Mr Brooke held at Stormont parliament buildings outside Belfast. The party says it will only return when Unionist anxieties about strand two have been resolved.

The SDLP fears that if the unionists are given a veto over the choice of an independent chairman, they will block the second stage of talks.

The Rev Ian Paisley, Democratic Unionist leader, said: "The question being asked now is whether the SDLP are really committed to these talks, because it is quite evident they are looking for whatever excuses they can to keep away from these talks."

Mr Hume said his party was not going to Stormont because they had not been invited to plenary discussions. It was essential that confusion over a chairman for strand two was clarified. A phone call from Mr Brooke informing him that the obstacles had been overcome was all that was required to get the talks going, he said.

Rifkind unveils new agenda on transport policy

By Richard Tomkins, Transport Correspondent

MR MALCOLM Rifkind, the transport secretary, yesterday set out an agenda for tackling Britain's road traffic congestion by making better use of the railways.

He unveiled a series of measures aimed at encouraging freight to switch from road to rail and committed the government to ending British Rail's monopoly over passenger and freight train services.

He also announced a long-term study into urban congestion which will examine whether Britain should become one of the first countries in the world to charge cars and lorries for use of the roads on a pay-as-you-go basis.

The announcements, contained in Mr Rifkind's most important speech on transport policy since his appointment last November, were made at the opening of the Financial Times Transport in Europe conference in London.

They were seen as an attempt to demonstrate the government's commitment to solving Britain's acute problems of congestion - an issue likely to be high on the political agenda in the event of an early general election.

Mr Rifkind's views differed from those of his Conservative predecessors by appearing to take a significantly more positive view of the role to be played by public transport.

In a remark which no transport minister would have uttered in the pro-road Thatcher years, he said: "I must declare myself, enthusiastically and unequivocally, as desiring to see far more traffic, both passenger and freight, travelling by the railways".

However, there were no commitments to heavy spending on rail transport, and the initiatives concentrated more on diverting freight traffic to rail than on the politically more intractable problem of passenger transport.

The main proposals are:

● British Rail's monopoly over the operation of trains is to end. However, this proposal will require legislation to implement and there is no timetable for its introduction, other than the hope that it will be in the next parliamentary session.

● Freight facilities grants, paid by the government to encourage companies to switch road freight to rail on environmental grounds, are to rise.

● A long-term study into urban traffic congestion will examine the case for road pricing - charging drivers electronically for the amount of congested road space they use.

But Mr Rifkind was careful to rule out road pricing as a certainty. He said the research could conclude that road pricing had no role to play.

Mr John Prescott, shadow transport secretary, said there was much to be welcomed but criticised the government's proposal to encourage the construction of toll roads by the private sector, saying it would create a two-class system where "people with gold cards will be able to travel on first-Classroads".

The freight transport industry welcomed the direction of the proposals but said they did not go far enough.

The Automobile Association said that the scope for transfer of freight to rail was limited.

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Setting his sights on the future: Malcolm Rifkind unveils his transport plans at yesterday's conference

Government switches track on support for railways

A MASSIVE conversion – greater than St Paul's on the road to Damascus" was how Mr John Prescott, transport spokesman for the opposition Labour party, described the government's new-found enthusiasm for Britain's railways yesterday.

It seemed an apt description of a remarkable shift away from the policies of the Thatcher years, during which public transport seemed to rank a poor ideological second to the freedom and individuality offered by the car.

Yet as delegates at the Financial Times Transport in Europe conference digested the landmark speech by Mr Malcolm Rifkind, transport secretary, some questioned whether his proposals would go far towards their stated aim of solving Britain's looming congestion crisis.

The problem Britain faces is that road traffic grows inexorably with economic growth. As people become richer, they buy more cars, use them more often, and consume more goods and services which have to be transported.

Pressure on the available road space is growing at a staggering rate. Between 1980 and 1990, for example, the number of cars in Britain rose by 33 per cent. Yet 65 per cent of households still have no access to a vehicle, so saturation point is a long way off.

Against this background, the Transport Department has predicted that road traffic in vehicle miles will have risen from today's levels by between 68 per cent and 112 per cent by 2025. Put simply, traffic will be roughly twice as heavy in 30 years.

If enough new roads could be built to accommodate this growth, a transport crisis could be averted. But as the present

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TRANSPORT IN EUROPE

government has recently come to accept, this will never be possible in a country as small and densely populated as Britain.

Examining his other options, Mr Rifkind has turned to the role which railways could play in taking traffic off the roads. Yesterday he announced four initiatives aimed at attracting freight traffic on to trains.

But although these measures were widely commended as steps in the right direction, few thought they would make any significant difference to the congestion on Britain's roads, now or in the future.

The reason was the same as the one expressed by Mr Cecil Parkinson, Mr Rifkind's predecessor as transport secretary. He maintained that the proportion of freight carried by rail was so small that, in terms of road traffic congestion, tha effect of doubling it would be countered within a couple of months by rapidly rising car mileage.

Mr Parkinson's view is illustrated by Transport Department statistics showing that only 8 per cent of freight in Britain is moved by rail. Roads carry 62 per cent, with the rest split between coastal shipping, waterways, pipelines and air.

Even with the majority of freight going by road, heavy goods vehicles account for a relatively small proportion of total road traffic. In 1989, the number of lorry miles driven were only 9 per cent of those driven by cars. So it would take a large reduction in road freight to make a difference to overall traffic levels.

Mr Garry Turvey, director general of the Freight Transport Association, said yesterday thet the measures announced by Mr Rifkind would have little practical effect. Although freight facilities grants were to rise, ha said, they had only ever attracted about 3m tonne-miles of freight a year to rail – an almost insignificant figure compared with total road freight of 137.4 bn tonne-miles in 1989.

Mr Turvey agreed that the opening of the Channel tunnel would provide opportunities to transfer freight to rail. But the tunnel's forecast freight throughput of 18m tonnes a year by 2013, he said, was also insignificant compared with the 1.81bn tonnes of road freight lifted in 1989.

The Freight Transport Association welcomed Mr Rifkind's interest in combined transport – the idea of transfering long-distance road freight to rail for the main part of its journey. But again, it doubted whether it would contribnte greatly to the relief of congestion in a country where the average road consignment distance is only 75 miles.

Several previous attempts have been made to counter the decline in use of rail for Britain's freight. The 1968 Transport Act, a Labour government creation, incorporated clansed requiring spacial authorisations to be sought for road freight journeys of more than 100 miles. But the provisions lay dormant on the statute book once the complications of enforcing them were appreciated.

Richard Tomkins

Eurotunnel chief wants tax to fund new projects

By Andrew Taylor

A NEW tax should be levied on transport users and operators according to how much pollution they cause, Sir Alastair Morton, chief executive of Eurotunnel, said yesterday.

The money raised could be used to improve transport between Britain and the rest of Europe. It would be invested in projects in which the private sector was also investing e substantial amount of money, he said.

These might include a new toll highway from the M1 to the port of Felixstowe on the east coast, or extending the Heathrow airport-central London rail link to Liverpool Street station in the City.

Speaking at the Financial Times conference, Transport in Europe, Sir Alastair said the proposal was consistent with the Tory Party theory that the consumer should bear the cost of pollution control.

He said different types of transport from e 350 horespower, 35 ton motorway truck to e 70 ton rail wagon pulled by an electric train, should be measured against a pollution index.

Mr Michel Walrave, the French secretary general of International Union of Railways, said that the development of a high-speed European rail network was likely to spread as links between EC conntries atrengthenad. Demand for increased railway capacity was likely to grow as eastern and western European countries began to co-operate more closely.

"Public money which is essential to developing these priority links, should involve Community, national and regional contributions," said Mr Walrave.

Mr Rodolphe de Planta, delegate general of the Union des Industries Ferroviaires Europeennes (Union of European Railway Industries), said technical, legal and political differences between European countries made it difficult to develop an integrated transport strategy. Nonethelass, there was a strong political will to create a highly efficient European railway network for passengers and goods.

New report contrasts UK and German training

By Andrew Adonis

THE SUCCESS of vocational training in Germany was highlighted yesterday by a new report published in London contrasting the continental system, which enjoys with high commitment of employers, to standards in the UK.

The report, on vocational education and training in Germany, highlights the so-called "dual system", under which apprentices spend about three days a week on in-company training and up to two days a week at vocational school.

Ministers and policy-makers in Britain are keen to learn from German experience. But despite innovations such as the Training and Enterprise Councils, the report emphasises the stark contrast between British and German practice.

Under the dual system, the structure of training courses is negotiated between employers, trada unions, the education service and the government. Exams are assessed by local chambers of commerce, with which all firms must register, and the whole system is underpinned by statute.

Vocational study enjoys far greater parity esteem with academic study in Germany than in Britain, they say. "In Germany, apprenticeship qualifications are part of a clear ladder of opportunity which gives access either to higher education or progress and promotion at work".

Apart from employer commitment, the report attributes the efficacy of the German system to six other factors:

- the readiness of employers to train more apprentices than they need;
- high participation rates in training, secured by the statutory basis of training;
- a simple and well-understood system of vocational qualifications;
- the regulatory role of chambers of commerce;
- partnership between vocational schools and industry and commerce;
- partnership between employers and trade unions

Aspects of vocational education and training in the Federal Republic of Germany, HMSO, £6.50.

Rolls-Royce attempts to deflect criticism on pay

By Michael Smith, Labour Correspondent

LORD TOMBS, chairman of Rolls-Royce, the aerospace group which wants to freeze the pay of 34,000 employees, said yesterday he had taken a 10 per cent cut in his salary this year.

He announced the reduction, which he said had been agreed earlier this year, at Rolls-Royce's annual meeting where Lord Tombs and fellow directors were criticised by shareholders, including employees, for the increases they received in 1990.

The board came under fire over its handling of the pay freeze and over plans to close its helicopter plant at Leavesden, near Watford, and cut 6,000 aerospace jobs in the UK this year. Several hundred workers protested before the meeting.

Salary rednctions are unusual among UK company directors. Many are still enjoying increases in spite of the recession.

Lord Tombs said his base salary would be cut by 10 per cent from £150,000 last year to £135,000 in 1991. In addition he and fellow directors, whose salaries have been frozen at existing levels this year, would not be paid bonuses this year because the 1990 results "did not justify it".

He also said the worldwide slump in defence spending

Tombs: job cuts necessary

could hit Rolls-Royce's profits well into 1992.

In 1990 Lord Tombs's total remuneration package, including bonuses, was £180,000, up from £119,000 in 1989.

Some shareholders criticised last year's increases in view of the pay freeze which the company wants for its 34,000 aerospace workers. One called it a public relations disaster.

Lord Tombs said last year's rises included bonuses payable in respect of 1989, a record year for profits. Directors' salaries compared badly with companies of similar size.

Several shareholders were applauded when they criticised the company's recent issue of contract termination notices to the 34,000 workers as a means of implementing the pay freeze.

The notices were snbsequently withdrawn following a threat of High Court action from the MSF general technical union.

Lord Tombs said the letters were a technical measure, intended to amend contracts to implement the pay freeze. Industrial relations had not been seriously harmed.

Some shareholding employees voted against the re-election of four board members, including Sir Ralph Robins, chief executive. However, all four were returned by large majorities.

Mr Fred Hodgson, convenor for the AEU engineering union at Leavesden, said he was encouraged by the rough ride given to the board by shareholders.

Lord Tombs said job cuts were necessary to match available work. All was not gloom, however. Aerospace civil order books remained strong and the newly-formed industrial power group was performing well, he said.

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GM launches car service outlets

John Griffiths

MORE than a year later than intended, General Motors – the US motor manufacturer – is launching the first outlets in a chain of drive-in, while-you-wait service centres for cars and commercial vehicles in the UK and Continental Europe.

The chain, which will be operated by GM's dealers under the Masterfit name, represents a bid to recapture some of the nearly £¼bn a year in parts and service business GM's franchised dealers have lost to independent 'fast-fit' groups in Europe.

The first centres are to be in the UK, where a pilot project has been running at a handful of dealers operated by Vauxhall, the GM subsidiary, since the middle of last year.

Later the concept is to be extended to Continental Europe, initially Germany, Belgium and Holland for operation by GM's Opel dealer network.

Vauxhall says it plans to have 20 Masterfit centres running in the UK by the end of this year, rising to 150 "eventually".

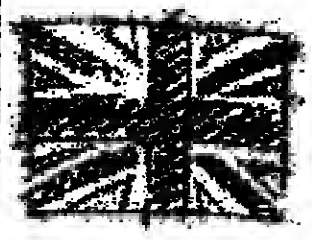
When first unveiling GM's ideas for the Masterfit scheme two years ago, Mr David Herman, then executive director of GM's European parts and service operations - he is now - predicted that a total of 600 Masterfit outlets would be operating in the UK, France, West Germany, Spain, the Benelux countries, Switzerland and Austria, by the end of 1990.

According to Vauxhall, the slower pace of introduction is linked at least in part to a big reorganisation of GM corporate identities which took place subsequent to the first Masterfit disclosures.

GM's franchised networks have lost around 50 per cent of all their parts and servicing business to aggressive independents, like Mr Tom Farmer's Kwik-Fit Euro chain in the UK.

According to GM's research, however, its European subsidiaries have fared no worse than other volume manufacturers in this respect.

BRITAIN IN BRIEF



Squeeze on credit faces syndicates

Increasingly tough attitudes by banks towards underwriting syndicates at Lloyd's are providing a new problem for Names, wealthy individuals who back underwriting on the market.

Banks have traditionally provided credits to syndicates facing cash flow difficulties, as well as those for new syndicates starting up business.

But as a result of escalating claims from catastrophe losses since 1988 and the increased speed of claims settlement, many syndicates lack cash.

The market as a whole is expected to record heavy underwriting losses in 1988 – the results of which will be announced in the summer. According to some bankers certain types of financing will not be granted, or granted on more stringent terms.

Job talks on plant closure

Welsh Development Agency executives will hold talks this week with Merthyr Tydfil borough council following last week's decision by Thorn-EMI to close its lamp-bulb plant in the town with the loss of 506 jobs.

Mr Ian Rooks, WDA corporate director, said: "We will discuss the possibility of accelerating our joint action plan for the area and discuss ways of co-ordinating our efforts to secure alternative, long-term jobs."

Thorn announced late last week that the plant's manufacturing operations would be phased out over the next 12 months. A few, possibly not more than a dozen, workers are to be offered alternative employment.

Partnership ban to be lifted

The Government is proposing to lift the general ban on the formation of partnerships with more than 20 partners. This would remove the last formal impediment to the formation of large multi-disciplinary partnerships between accountants and solicitors.

Partnerships of more than 20 partners are prohibited under company law except where an exemption is granted to a specific profession.

N Sea oil output falls

Oil output in the British sector of the North Sea fell sharply last month, according to Royal Bank of Scotland economists.

After the high level of production in March (over 2m barrels per day), output fell by nearly a quarter, to 1.6m barrels. Compared with the same month a year ago, output is down by around a fifth. The slump is due to the closure of a number of fields to allow safety work and maintenance.

Night courts plan by Bar

The Bar Council, the barristers' governing body, is to examine the feasibility of establishing night courts in England and Wales.

Greater use of court buildings could also reduce delays in hearing cases and reduce the backlog by removing from the daytime court lists a whole range of simpler work.

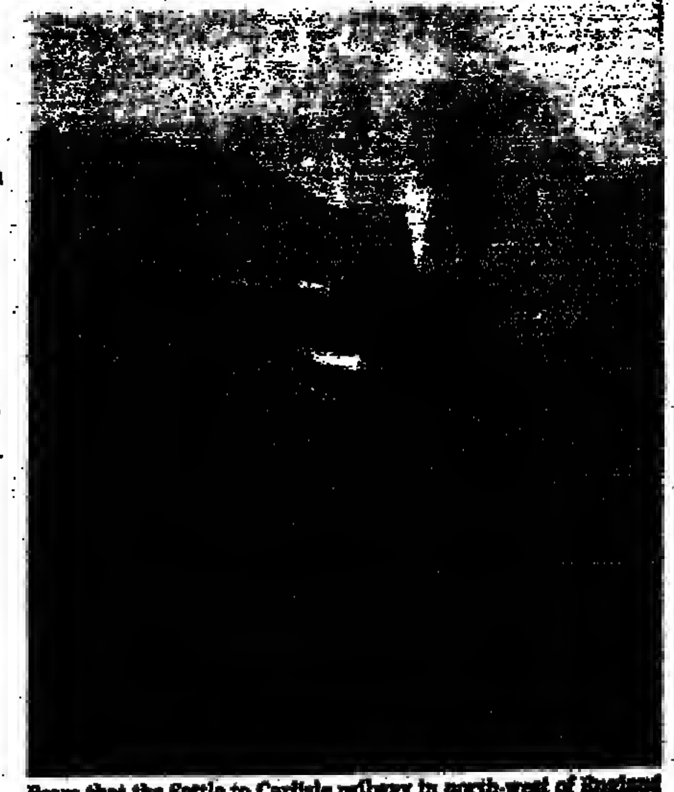
The proposal is part of a wider scheme by the Bar to review how courts can be made friendly and more accessible to the public.

Bank seeks views on ethics

Mr Terry Thomas, Co-operative general manager, announced at the Co-op congress in Wales that the bank is to seek the views of its 1.8m customers on ethical issues such as South Africa and nuclear weapons.

"Our future decisions on this issue will reflect the general prefences of our customers," he said.

However, the list of unacceptable business partners will be adjusted periodically as customers' views change



Fears that the Settle to Carlisle railway in north-west of England may close have been allayed following an announcement that an appeal has been pledged £500,000. The appeal aims to raise the money to repair viaducts and bridges on the 71-mile line, which is often used for trips by veteran steam trains (pictured above).

Stalemate in power talks

Prospects of industrial action this summer in the power industry were revived when employers refused to increase an 8.9 per cent pay offer and unions gave notice of a second ballot on strike action.

Representatives of companies in the power industry met the five trade unions at the unions' request after a majority of manual workers rejected the offer, described by management as final.

Grants may be transferred

Training and Enterprise Councils are to revive a proposal that the Enterprise Initiative, which offers grants and advice to businesses, should be transferred to the new employer-led bodies.

Mr Eric Dancer, chairman of G10, the committee of ten Tec chairmen which acts as a mouthpiece of the movement to government, will propose such a move at a meeting with Mr Peter Lilley, secretary of state for trade and industry.

BAe to assist in phone system

British Aerospace is to participate in setting up the world's first global mobile telephone system, being developed by Motorola and Lockheed Missiles and Space of the US.

The system will be made up of 77 small communications satellites and is expected to be operational in 1996.

Motorola said that although it had chosen Lockheed as its prime space craft contractor for the contract, it wanted BAe to participate in the development of the system.

Acid rain threat 'is extensive'

Damage caused by acid rain in Britain will take a long time to solve completely, Mr David Trippier, environment minister, said.

He was commenting on the publication of a report by scientists which show that by the year 2005 6 per cent of the UK surface area and 4 per cent of fresh waters in Scotland will still be sustaining damage.

BUSINESS AND THE ENVIRONMENT

Discovery of lost insurance

Insurance archaeology sounds like the sort of policy Howard Carter and Lord Carnarvon should have taken out in the aftermath of their discovery of Tutankhamun's tomb in 1922. But it is one of the more intriguing byproducts of America's drive to clean up the environment and make industry foot the bill.

The aim of insurance archaeology is to recreate, interpret and analyse past insurance coverage over a period of many years to meet present and future corporate liabilities arising from past activities.

It was developed by Randolph Fields in 1981 in response to the needs of a client faced with a multi-million dollar asbestosis suit. Having established that coverage existed which a client originally believed was not applicable Fields went on to be consulted by most of the defendants in the asbestos-related litigation which swept through the US in the 1980s.

To date Fields's company claims to have found in excess of $100bn of insurance coverage for its clients.

In today's tight insurance market it is impossible to buy coverage for such risks. But much of the primary and excess liability insurance bought over many years covers latent claims.

Fields has been able to establish that the standard general liability policies sold since the Second World War contain no time limitation on when a claim can be made. All that is required for them to become effective is that some personal injury or damage to property took place during the period covered by the policy even if it remained undiscovered for 40 years.

He has also established, much to the irritation of the insurance industry, that policies issued before 1971 rarely excluded coverage for pollution or contamination-related claims. No wonder the insurance industry is lobbying hard in Washington for a change in the basis of liability under Superfund, America's national environmental clean-up programme.

Robert Rice

Waste management is an established US business. **Karen Zagor** examines its expansion into Europe

Rubbish industry smells new profit

Waste management, once regarded as an industry with little potential, is set to become one of the biggest and most lucrative businesses in Europe over the next decade.

All forms of waste, hazardous or not, are coming under fire. Companies which once dumped toxic waste into any nearby stream or vacant site must now abide by legislation which forces them to dispose of their waste in a more responsible manner.

The established waste management companies, such as Waste Management, are well-positioned to benefit from such legislation. Waste Management, which has grown rapidly over the last 10 years, recently entered into a joint venture with Britain's Wessex Water. Waste Mangement already has operations in Denmark, Germany, Italy, the Netherlands, Spain and Sweden.

The North American waste management industry was spawned by the environmental movement of the 1960s. The original Earth Day in 1970 led to the creation of the Environmental Protection Agency (EPA) in 1971 and a host of new legislation including Clean Air and Clean Water Acts. The 1976 Resource Conservation and Recovery Act (RCRA), a federal umbrella of waste legislation, also became active during this time.

William Plunkett, a spokesman for Waste Management, said: "Regulation has driven our business in the US and we expect it to do the same in Europe. The US developed its environmental legislation more broadly than Europe as a whole, but we are looking for very high standards from the European Community after 1992."

Waste Management started in 1894 as Ace Scavenger Service, Chicago's first rubbish collection business. In 1968, the son-in-law of the founder joined forces with a relative who ran a refuse collection company in Florida to form Waste Management.

The company went public in 1971 and embarked on a 20-year buying spree, acquiring nearly 500 waste companies during the 1980s alone. By 1990, Waste Management was the biggest player in North America, with profits of $684.8m on revenues of $6.03bn.

Waste Management collects rubbish in almost every US state through contracts with local municipalities and businesses. It operates about 125 landfills and holds a 79 per cent stake in Chemical Waste Management (which disposes of hazardous materials) and a 55 per cent stake in Wheelabrator Technologies (which specialises in pollution control systems).

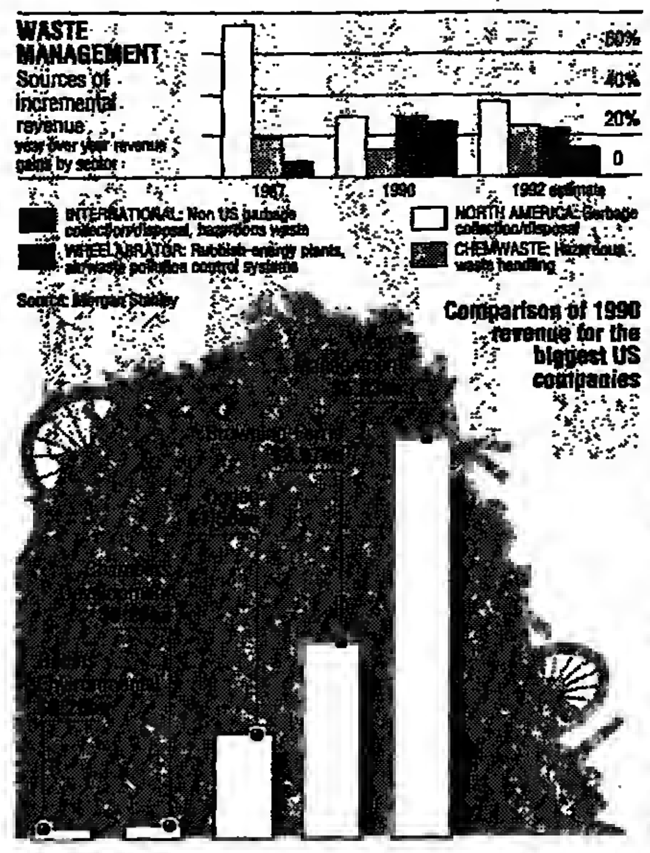
Waste Management has always realised the importance of remaining ahead of impending legislation. It is estimated that new federal regulations could close about half of the 6,000 rubbish dumps in the US, but all of Waste Management's dumps meet the new requirements. They are equipped with synthetic or clay liners to prevent contaminated water seepage, have ground water monitoring systems in case the liner leaks and have methane collection systems.

But Waste Management's public image is far from pristine. It has been the subject of about 18 grand jury investigations and it has a long track record of environmental violations, and fines for bribery, price-fixing and illegal waste handling. In November, for example, the company agreed to pay $19.5m to settle a class-action lawsuit for price-fixing. To cope with the steady stream of litigation, its legal division employs about 80 lawyers.

In 1988 the Citizens Clearing House for Hazardous Wastes said the company's "rise to the top of the garbage heap is a testament to how an enterprising group of profit-minded businessmen can break laws, be convicted and still make a profit and grow. The history of this company is a tribute to the dark side of the American dream".

Waste Management is not the only company with a tainted image. Browning Ferris, another target of lawsuits and accusations, hired a former head of the Environmental Protection Agency, William Ruckelshaus, to head the company in 1988.

Ironically, it was the difficulty of complying with continually changing regulations that for the most part eliminated small, independent companies from the waste management industry. The cost of upgrading facilities to conform to new laws has meant that only the well-capitalised companies, such as Waste Management, have survived.



Americans generate so much waste – about 180m tonnes of solid waste and 260m tonnes of hazardous waste, each year – that analysts once thought demand for waste management services would be limitless. Despite its success so far, the North American waste management industry is stumbling for the first time since the early 1970s.

Like most industries, waste management is feeling the bite of recession. The hazardous waste sector, which is tied to what industry disposes rather than what is thrown out in homes, has been particularly sensitive to the weak economy.

The changes are reflected in the share prices of four of the biggest companies. Stock in Browning Ferris now trades at about $28 from $41-1/2 a year ago, Chemical Waste Management shares have dropped to $20-3/4 from $28-5/8 and Laidlaw's class A issue has plunged to $11-1/2 from $22.

Only Waste Management's stock has remained relatively static, at about $39-1/4, compared to $39-7/8 a year ago, but below the 52-week high of $45-1/2.

Waste management companies are also feeling the impact of their own high prices which contributed to the industry's vast profit margins in the 1980s. As businesses try to reduce their costs, they have become less prolific waste producers to avoid the high charges of the waste management companies.

According to Robert Fey, an analyst at Barclays de Zoete Wedd, the waste management industry is now at a plateau. "The big companies had a few years to consolidate quickly. Now there is more competition, and new companies are growing."

According to Barry Mannis, an analyst at Morgan Stanley, sectors of the industry are maturing for the first time. In particular, solid waste and landfill management – collecting, hauling and landfilling rubbish – "is maturing and won't drive the bottom line in the way it did in the past," he said.

Landfills now handle about 70 to 80 per cent of North America's solid waste. Recycling accounts for about 12 per cent and incineration another 15 per cent. Fey believes that by 1995 landfills may handle less than 50 per cent of the solid waste output.

In the US, new air regulations are expected to facilitate permits for incinerators, and waste-to-energy could rise to 35 per cent of the solid waste output from about 15 per cent. Recycling is expected to grow to about 25 per cent.

The new growth areas in waste management, according to Mannis, are recycling, incineration (waste to energy), medical waste management, waste water and sewage sludge treatment and air pollution.

Analysts believe that the changes in waste handling may help smaller companies with advanced technology to carve out a niche for themselves in the industry. Waste Management, however, is expected to remain a dominant force thanks to the company's diversified base.

Pending legislation may also help shape the face of the industry in the future. An important battle about shipping waste over state boundaries is being fought in Alabama, where Chemical Waste Management is challenging regulations which allow the state to charge less for the disposal of in-state waste than out-of-state waste.

Finally, Congress has just started examining RCRA reauthorisation. It seems likely new rules will be passed to increase the flow of recycled goods. RCRA is also expected to address problems of inter-state transportation of waste.

Privatisation leads to oilfield clean-up

By John Barham

Privatisation may have many economic virtues. In Argentina, which has launched one of the developing world's most aggressive privatisation policies, it is bringing environmental benefits too.

Last year, Yacimientos Petrolíferos Fiscales (YPF), the government-owned oil company, began selling off its oilfields. It began with small, marginal fields and then last month sold half-shares in four of its biggest oilfields. Since last September YPF has sold, wholly or in part, 31 oilfields.

As well as taking over YPF's oilfields and installations, the buyers are also required to clean up the considerable damage which the fields wreaked on the environment. As a general rule, YPF ran its oilfields with astonishing disregard for basic environmental and operational safeguards.

Oilfields in the desolately beautiful Steppes of Patagonia and Tierra del Fuego are scarred with blackened streams. YPF littered its drilling sites with impressive quantities of rusting industrial refuse. The company's aging, unsafe equipment leaked oil into the environment but YPF did little to clean up the mess.

According to a former YPF engineer: "What you see is the product of a culture of neglect. There was never any money to do anything, so you quickly learned not to bother, not to make the effort to work properly. This is the result." Environmentalists say that it is only pure luck that a major accident has not occurred yet.

Total, the French oil company, was among the first multinationals to begin tackling contamination at a YPF oilfield. Last November it took over Cañadón Alfa, a small oilfield in Tierra del Fuego (which it won as compensation for YPF's misappropriation of its nearby reserves). Shortly after, it meticulously photographed the area and commissioned an environmental audit to ensure it would not be blamed for the chaos.

The report, written by two independent biologists, said that while the contaminated area covers only 100 square kilometres, the "principal effects are deterioration of the zone's landscape and occasional oiling of mammals that inhabit the valleys, whose water courses are contaminated".

Although Total's pictures of blackened streams, dead sheep and pools full of oil are ugly, the damage is relatively superficial. It took a five-man team only two months and $50,000 to eliminate the worst of the damage. Total says the area is now 90 per cent clean.

Argentina is one of the few countries in South America lacking comprehensive environmental legislation. While its mining and hydrocarbons law makes holders of a concession responsible for safety and cleanliness, enforcement of the law is not rigorous.

Instead, multinationals and their local partners follow their own guidelines, which are generally far more stringent than Argentine requirements and are enforced more rigidly by environmental auditors from head office.

In April, Total agreed to pay $134m for a half-share of YPF's El Huemul oilfield, one of Argentina's largest, located in southern Patagonia. Preliminary estimates put the cost of reversing the damage at El Huemul at $400,000 for this year alone.

Oscar Vicente, vice president of Pérez Companc, an Argentine oil company which, together with Occidental Petroleum of the US is taking over YPF's largest oilfield, confirmed that the companies too will tidy up the area. "It's not going to cost much. It's for our image. All our oilfields are clean and well-organised. When people work in a clean area and in good order I get better productivity," he says.

Derry O'Regan, Shell's drilling operations manager, says the greatest cost in taking over YPF's oilfields will come in upgrading its aging and poorly maintained wells, rather than cleaning up the environment. Old oilwells are more expensive to operate because they produce water as well as oil and disposing of contaminated water is costly.

Total has shown, however, that improved efficiency and productivity can more than offset these added costs. At Cañadón Alfa, it rapidly tripled oil production and raised gas output by 25 per cent.

Steel manufacturing in the US

How Nucor is stealing a march on the big mills

Martin Dickson reports on the decentralised egalitarian style of the mini-mill

Blink and you'll miss it. The headquarters of one of the fastest growing steel companies in North America sits in modest anonymity on the outskirts of Charlotte, *North Carolina*, quite overshadowed by the suburban bustle of the Cotswold Shopping Center just across the road.

No sign ootside the squat, fawn brick building announces it to be the home of Nucor, the *seventh largest* steel manufacturer in the US; and its tiny fourth floor rented offices have about as much grandeur as the average dental practice. A mere 20 people work there, even though the company employs some 5,600 people at plants scattered across America.

It is a stark cootrast to the mighty beadquarters towers built by the "Big Steel" companies – the buge, integrated manufacturers, such as USX, Bethlebem Steel and LTV, which dominate the US industry but which have speot much of the past decade in crisis. *The contrast has* symbolic significance, for Nucor is the most successful of the US "minimills" – *small*, innovative manufacturers which have beeo snapping et the big mills' bloated, bureaucratic ankles over the past 20 years.

The modest size and lean staffing of Nucor's head office also underlines its unusual style of management: extremely decentralised, egalitarien end witb powerful productivity incentives for workers. Policies like these are now widely touted by management experts as sound practice – but the maverick Nucor has been using them for the past 20 years, and it bas implemented them to a degree few companies would either choose or dare.

Radical management is one factor which has put Nucor among the lowest cost manufacturers of steel anywbere in the world. Another bas been its repeated willingness to take very big risks, particularly in introducing new technology.

Nowbere were the risks greater than two years ago wben, at a capital cost of $270m, it pioneered an entirely new method of making steel sheet at a greenfield site in Crawfordsville, rural Indiana. The plant is an important landmark for the US industry, since it propels Nucor into the huge market for sheet products, which up till now has been dominated by Big Steel.

The story of how that plant was brought into successful production – despite some *hair-raising setbacks* – has just been recounted in a gripping, if somewhat over-written, book*. It portrays a corporate culture which combines a fierce, macho gronp loyalty and powerful work ethic with a rather cocky, shoot-from-the-hip approach to solving problems.

The book also shows one aspect of the company in a less favourable light – *its safety record. Preston* describes in dreadful detail bow a 15 foot high ladle, filled with liquid steel, crashed to the floor of the plant's melt shop sbortly after pro*duction began, setting* off an *explo*sioo which devastated the building and left one man with fatal burns.

The number of Nucor *employees* killed in workplace accidents over the past decade is well above the industry *average, and while the com*pany says the figures are misleading and that it does not take chances *with workers' health, critics suggest* that its decentralised structure and emphasis on prodnctivity goals may encourage employees to cut corners on safety.

As witb many entrepreneurial companies, mucb of Nucor's success stems from a single powerful personality – in this case Ken Iverson, its 65-year-old chairman. A tall man, with a friendly, informal manner – which is said to mask a bot temper – he is a mechanical eogineer and metallurgist by training. His passions include wildfowl – be keeps them in his garden – and the mysterious qualities of molteo metal.

When he joined the company in 1962 it was known as Noclear Corporation of America and was a troubled mini-conglomerate which traced its origins back to a turn-of-the-century motor manufacturer, Ransom *Olds*, the *man* who inveoted the Oldsmobile.

By 1965 the business was on the point of bankruptcy and Iverson, who was responsible for its one profitable business, fabricating steel roof-joists, was thrust into the chairmanship, almost by default. He saved it from bankruptcy by selling off its non-steel interests and then moved the rump business upstream, into making its own steel.

Nncor was far too small to build a blast furnace to smelt iron ore – the *capital-intensive method* used by the integrated manufacturers. Instead it took a much cheaper route – and one which *has* become *the hallmark* of a mini-mill: recycling scrap metal by melting it down in an electric arc furnace.

Nucor found it was on to a winner. It was able to make steel at the commodity end of the market at a price which undercut both the big manufacturers and imports.

More recently Nucor has been moving upmarket, into higher value-added *prodocts which* Big *Steel* once regarded as relatively safe from the upstarts. Nucor-Yamato Steel, a joint venture company with Japanese manufacturer Yamato Kogyo, uses new tecbnology to make cheaper, quality beams for use in the construction industry. It has just announced a $150m expansion plan.

Ken Iverson: e shoot-from-the-hip approach to solving problems

Far more remarkable bas been Nucor's thrust into the very beart of *the big mills' territory - sheet prod*ucts - with the Crawfordsville plant.

Sheet steel is normally made *through a process* which *extrudes* a big slab of metal, eight inches thick. That steel has then to be repeatedly rolled and rebeated to squeeze the slab into a thin sheet. All this requires a great deal of capital investmeot and time, which explains wby the market – accounting for some 50 per cent of US demand – is dominated by the big mills.

Nucor's Crawfordsville plant uses a *method* which *casts steel straight* into slabs just two inches thick, thanks to a new type of funnel mould invented by a German company, SMS Schloemann-Siemag. Those slabs are immediately compressed into finished steel one tenth of an inch thick, saving a great deal of time and money.

It sounds simple but Nucor took a tremendous gamble in going ahead witb tbe *project*, for the German method had never been applied commercially. And Nocor, wanting to *capitalise on what it believed* to be a brief window of technological advantage, tried to build the plant in just 18 mooths, which meant finishing the design as it went along.

The integrated US manufacturers, which have been notoriously slow to adopt new technology, forecast a disaster. Construction got behind schedule, friction mounted between Nucor and its German partners, and *Crawfordsville* was *dogged by mis*haps. Production finally began early last year, but the plant initially lost $1m a week and its output was of questionable quality.

Now, however – with the bugs sorted out – the plant is making money and its technology seems to be a success. Nucor acknowledges there are still some problems with surface blemishes on its steel but *says these are relatively minor.*

Crawfordsville's output is aimed at the lower grade end of the market and *not* the *more demanding* areas, such as antomobile body panels. Rivals suggest the technology may never be able to meet them, bnt Nucor reckons that it can.

Whatever the case, Nucor is so *pleased with Crawfordsville that it is* now building a second plant, at a cost of $300m, to Arkansas, and Wall Street analysts say other manufacturers may have to consider using the technology, at least for lower grade markets.

Moving quickly and being willing to take risks is part of a distinctive corporate culture designed to prevent Nucor becoming fat and bureancratic. It is a style forged partly by Iverson's egalitarian personality, partly by a fear of what bureaocracy did to the integrated mills, and partly as e reaction against the free-spending ways of the pre-1965 management.

The company is able to function with such a tiny headquarters team *because* of tbe immense power Nucor devolves down the line to the people running its operating businesses, who can thus solve problems quickly. "We (headquarters) are a resource for the divisions, not the other way around," says Hngh Aycock, the company's chief operating officer. "We don't see it as us controlling the divisions, but more keeping up with them." The rest of the management structure is equally lean; Nucor has just four layers, compared with nine or more at Big Steel.

The composition of the workforce and the pay incentives set for it are also a spur to good productivity. Nucor usually places its plants in small towns in low-wage rural areas. It says this is because country people have a strong work ethic and are mechanically minded. But rural people also tend to be anti-union, and Nucor's employees have rejected all *attempts to organise them.*

That is hardly surprising, since the company has brought good wages to depressed areas, and while Nucor has enjoyed rapid growth over the past two decades, this period has seen the big uncompetitive companies slash tens of thousands of unionised jobs. It is Iverson's boast that since 1965 the company has not laid off one worker.

An absence of unions has also helped foster flexibility, and Nucor workers are cross-trained to do one another's jobs in a way that would be impossible at the big companies.

As for incentives, Nucor takes groups of about 30 people involved in e particular job, establishes a yardstick for the task and pays productivity bonuses when the target is beaten. Basic pay is set relatively low, but the (weekly) bonuses can *double that*, bringing workers up to or above the wages of steelworkers in unionised shops. There is also a *profit-sharing plan which* takes at least 10 per cent of the company's pre-tax profits. Part of this is distributed to workers quickly, while the rest is handed over when they retire or resign.

Says Iverson: "The *problem* with many incentive schemes in corporate America is that they are so complex *that* the worker can *neither* understand nor relate to them. It's important that the bonus system is simple enough for people to understand." The pay of senior executives is also tied closely to the group's performance and, unlike in most US companies, can fluctuate wildly.

All this is underpinned by a strong team spirit. Despite its growth, Nucor remains a very egalitarian company which carefully solicits the views of its employees. There are no company cars. Everyone flies tourist class. There are no staff caterers; Iverson's "executive dining room" is Phil's Deli, in the Cotswold Shopping Center.

But the company is not above criticism. Its financial record is infinitely better than that of the big integrated mills – it has not lost money in any quarter since Iverson took over – but not all of its investments have been money-spinners. And there is the question mark over its safety record.

Some aspects of its leanness may also be weaknesses. The board consists of just four people – three of them executives of the company and the fourth a former employee. This means there is no independent check on the management, and runs *counter to generally accepted good* practice.

It illustrates how Nucor has become a big company while still thinking small. Some analysts question how well this bare-bones management structure could cope with another great burst of growth, or Iverson's eventual retirement, which still seems four or five years off. But critics have been saying this sort of thing for years and Nucor has a long track record of confounding them.

* *American Steel by Richard Preston, Prentice Hall Press $19.95.*

Management abstracts

Inspiring others: the language of leadership. *JA Conger in Academy of Management Executive (US), Feb 91 (15 pages)*

Supported by examples of top managers' statements to their staffs about the goals and progress of their businesses, attacks the narrow-minded, uninteresting, analytical, conventional approach which relies heavily on accounting concepts; calls for messages incorporating an inspirational view of present and future corporate roles, based on the executive's "vision" to be communicated with fervour and sincerity and leading to commitment; ends with guidelines on creating such messages, eg gearing them to different audiences, and citing – inter alia – Martin Luther King.

Corporate failure – analysing the analysts. *G Holmes & A Sugden in Accountancy (UK), Mar 91 (2 pages)*

Examines the pressures placed upon analysts in the current economic climate, notably in respect of the recent failure of Polly Peck. Shows the criticisms made of analysts and argues that the increasing difficulty of analysing company accounts is exacerbating the situations. Describes the moves made by the Society of Investment Analysts to recover their prestige through the use of examinations and accounting standards.

Breaking with bureaucracy. *A Toffler in Across the Board (US), Jan/Feb 91 (6 pages)*

The US author answers questions, related to a section of his new book concerned with business organisation, dealing particularly with more flexible alternatives to traditional hierarchies.

Upper-level managers and whistle-blowing. *JP Keenan in Journal of Business and Psychology (US), Winter 90 (13 pages)*

Explores what influences senior managers to expose wrong-doing or to remain silent; obtains some tentative answers, for instance, that the existence of a written code of ethics gives no guarantee that it will be followed in the absence of other types of practical support.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £5.75 each (including VAT and p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire BD8 9BY.

FT LAW REPORTS

Digest of cases reported in the Easter term

FROM APRIL 12 TO APRIL 26

Owens Bank Ltd v Bracco and Another (FT, April 12)

The bank applied under the Administration of Justice Act 1920 to register in the UK a foreign judgment obtained in St Vincent while the defendants sought to resist the application on the ground, *inter alia*, of fraud. Before and after the St Vincent proceedings, other proceedings had been commenced in Italy in which the issue of fraud had been squarely raised. The defendants sought orders to set aside the English proceedings on the ground that under the 1968 Civil Jurisidiction and Judgments Convention, the court had to decline jurisdiction. Dismissing the defendants' contention, the Court of Appeal stated that the Convention had no application to proceedings for the recognition and enforcement of judgments of non-contracting states and in particular to proceedings under the 1920 Act.

However, if fraud on the foreign court resulted in the fact that the court had been induced to come to a wrong conclusion, the defendants were entitled to re-open the whole case even where those were the very facts in issue in the foreign court: see Vadala v Lawes (1890) 25 QBD 310.

Smoker v London Fire and Civil Defence Authority; Wood v British Coal Corporation (FT, April 16)

In the appeals, the question was whether pension receipts and gratuities were deductible from damages in cases where employees had been injured in work accidents in which the employers had been negligent. In Parry v Cleaver [1970] AC 1, the House of Lords had held that, in assessing the damages; moneys coming to the plaintiff under a contract of insurance should be disregarded for otherwise the benefit would enure to the tortfeasor. Refusing to distinguish Parry in the present case where the relationship of the defendants was that of employers, tortfeasors and insurers, their Lordships stated that the principle remained the same where the employee had set aside money in respect of his past work through his pension. Those pension benefits were not deductible and the common law principle of double recovery was not involved.

Hitchins (Hatfield) Ltd v The Prudential Assurance Co Ltd (FT, April 17)

By clause 3 of an endorsement to an insurance policy concerning a housing development, loss was covered which arose out of "any fault, defect, error or omission in design" subject to the proviso, *inter alia*, that no amount should be admitted in respect of any increased costs due to redesigning the property "which is defectively designed". Hitchins claimed under the policy for the costs of re-instating the works of the ground of a sloping site while the insurers alleged that the land slip had occurred due to design defects in the works. The question was whether it was necessary in order to justify refusal of any increased costs to prove that the original defect in design was negligent or arrived at with some such element on the part of Hitchins. In allowing Hitchins' appeal against a first instance decision that "defectively designed" was intended as a reference back and the insurers should not be liable for increased costs due to defect in design, the Court of Appeal stated there was no reason to conclude that the intention was to exclude any increased costs due to redesigning even when the original fault in design was not negligent. There was at least some reason to conclude that the insurers' intention was to exclude such costs where the original fault in design was negligent.

Lawson (HM Inspector of Taxes) v Johnson Matthey plc (FT, April 19)

The taxpayer parent company made a payment of £50m to a subsidiary just before the subsidiary's shares were sold to the Bank of England. The payment was made when the subsidiary got into difficulties and the transaction took place at the behest of the Bank of England so that the parent would not have to cease trading forthwith. The Inland Revenue Commissioners refused to allow the deduction of the £50m in computing the parent company's profits on the grounds that (a) it was not a capital expense; and (b) that it was not paid out exclusively for the purposes of trade. Dismissing the taxpayer's appeal from a first instance decision that the contention of Commissioners was correct, the Court of Appeal stated while it was true that the parent's purpose was to preserve it s own trade, that was not *determinative* of the capital/income issue. The determination of that issue must depend on common sense rather than on the strict application of any legal principle: Strick v Regent Oil [1966] AC 295. The payment of the £50m in exchange for the shares in the subsidiary was in order to enable the parent to get rid of a capital asset, the continued retention of which would be harmful to the parent. The common sense of the matter was that the £50m was capital expenditure.

Foster and Others v British Gas plc (FT, April 23)

British Gas plc was established as a corporate body by statute in 1986 but was made responsible for providing a public service pursuant to a measure adopted by the state. Its policy had been that women should retire at 60 and men at 65 and the appellant employees claimed compensation for unlawful discrimination on the grounds that the policy infringed the EC equal treatment Directive. The House of Lords referred to the European Court the question whether it was a body of such type that the appellants were allowed to enforce their rights against it after their complaints had been dismissed by the industrial tribunal and the Court of Appeal. The sole question thus was whether British Gas provided a public service under the control of the state and exercised special powers beyond those which resulted from the normal duties applicable in relation between individuals. Dismissing the contention of British Gas that it was engaged in commercial activities and was not the agent of the state, the House of Lords stated that it was a public body which provided a public service to citizens generally under the control of the state and had a special monopoly power created by legislature.

Swingcastle v Gibson (FT, April 24)

In a case where a valuer surveyed a property for mortgage purposes and gave a report for the benefit of the lending principals, liability was admitted in the county court that but for the valuer's negligence, the lender would not have made any loan to the borrowers. The sole issue was the measure of damages on the basis that there would have been no loan on a competent valuation. The valuer contended that damages should have been assessed on the basis that the lenders were entitled to be placed in the position that they would have been had they received a competent report and made no loan.

Accepting that contention, the House of Lords stated that the fallacy of the argument, accepted by the Court of Appeal, was that the lenders were entitled to obtain compensation for the borrowers' failure instead of damages for the valuer's negligence. In the absence of evidence as to how the lenders financed the loan or how the money, if not lent, *could have* been profitably employed, 12 per cent interest was the proper rate at which to recompense the lenders for being deprived of the money that constituted the loan.

World Navigation (FT, April 26)

In contracts for the shipment of maize, Clause 7 of Gafta 64 provided that buyers should load "in accordance with the custom at port ... unless otherwise stipulated". The Centro terms provided that once the vessel was berthed the sellers guaranteed a minimum average loading rate per working day. The vessel was late berthing due to the shippers' documentation having been out of order and the buyers claimed breach of contract and damages for demurrage under the charterparty. The sellers contended that the loading had been completed in time within the Centro stipulation. Allowing the sellers' appeal against a decision of the arbitrators upheld by the judge at first instance in favour of the buyers, the Court of Appeal stated that the law was concerned with legal obligations only and not with expectations however reasonable: Lavarack v Woods [1976] 1 QB 278. The judge had been right that the breach was of a single *discrete obligation*, but despite the breach, the buyers had received that to which they had been entitled had there been no breach. To hold otherwise would be to make the sellers pay damages for failing to do that which they were not obliged to do.

Aviva Golden

ARTS

TELEVISION

Scrambled satellite serves up US soap

A week's monitoring last summer of the output from the Astra satellite, carrying Sky Television, led to the conclusion that viewers were being offered a predominantly Australian and American schedule. Three weeks later, after a week's monitoring of the output from the Marco Polo satellite, carrying British Satellite Broadcasting, the conclusion in this column was that, although there were marked similarities, BSB provided more British programmes (original material and repeats of old BBC series) and – of particular interest to devotees of this page – an impressive weekend schedule with many hours of arts programmes on the Now Channel. Ten months later the companies have merged to form British Sky Broadcasting and the same set of programmes is broadcast via the Astra and Marco Polo satellites. So what can viewers expect now if they buy a satellite outfit costing £300 in England and Wales and £350 in Scotland and Northern Ireland where a larger dish is necessary?

A week spent with B Sky B these daye produces the overwbelming impression that the company title is e misnomer: it should be called American Sky Broadcasting. In its short life BSB commissioned and produced e considerable quantity of British programmes, however high the proportion of imported material in the total output. Virtually none of it seems to have survived the merger. That wonderful conglomeration of weekend arts programmes has vanished without e trace; the BBC repeats have disappeared; the British made soap opera set in space, *Jupiter Moon* (awful admittedly) has gone; and the British series about motoring, health, politics and so on, presented by people such as Robin Day, Selina Scott, and Mike Smith have all melted into thin air.

Today, whatever time you choose to sample the B Sky B output, you quickly get the feeling that you might almost be sitting in Pittsburgh or Kansas City. Here are the notes I made last Tuesday after tuning into the satellite just after 9.00 pm and zapping around Channels 1 thru 9 (as those of us soaked in American culture say). A Sky dish now brings you 12 satellite channels, but 23 of them are either unused, scrambled, or broadcasting in Japanese or German.

Channel 1, Sky One: *Rear View Mirror*, a rather nasty American TV drama (1984) starring Lee Remick as e woman touring in e camper wagon who is taken hostage by psychotic escaped convicts. It is edited in that familiar American fashion which sets out deliberately to make you scream and put your hand to your mouth: the baddy who has been run over suddenly reappears at the open window of the truck, for instance.

Channel 2, Sky News: Still the most impressive of the satellite services, and the one most likely to tempt FT readers to buy a dish. The presenters are less formal than their counterparts at the BBC and ITN, and in some cases their interviewing skills are not what you expect from a national, never mind international, service. Some of the reporters are less than brilliant too: reacting to news of Rajiv Ghandi's assassination, an Indian woman with tears in her eyes says "I just didn't feel like going to work today" whereupon the reporter asks "What was you reaction to the news?" Yet there is nothing quite like s 24-hour service if you are specially interested in news, and – that fatuous question aside – coverage of the assassination is pretty competent.

Channel 3, Sky Movies: Scrambled, and we have still not paid the subscription for the de-scrambler card. This costs £10 a month or £110 p.a. for either of the two film channels (The Movie Channel was added as a result of the BSB merger) or, if you subscribe to both, £15 e month or £165 p.a. At present they are showing an American television drama called *Do You Know The Muffin Man?* about child sex abuse and although the pictures are scrambled the soundtrack is audible. Someone is saying "Venereal disease, did we run? No! We all took tests".

Channel 4, Sky Sports: Soccer, England v. Russia live from Wembley. Those without a dish have to wait until 11 o'clock to see recorded highlights on BBC1.

Channel 5, MTV: 24-hour rock video channel. The Bee Gees are just finishing squeaking, "Secret Love". Will they still be singing falsetto when they are 65? Just ebout the best things on MTV are the graphics sequences used for channel idents; they change frequently, and are not far behind the standard of Globo Brazil, world leaders in this field. The movie-clip programme which follows is American, and sheer puffery. There is not even a pretence at the sort of independent view you get on BBC1's Barry Norman programme.

Channel 6, Screensport: American basketball, Portland v. LA Lakers, with crowd noise transmitted at such a level that it is virtually impossible to hear the commentators.

Channel 7, *Lifestyle: News in Japanese* with English sub-titles. During the daytime this channel carries American soap operas, American chat shows, American game shows and American advertising features. Is there really enough demand to justify these Japanese programmes at night, or is this just an indication of the power of the Yen, and the way that Japanese commerce is building the last of the world's great empires?

Channel 8, The Movie Channel: Scrambled picture, a voice is saying "You do not hate America, okay?" The film we cannot see is *The Experts* with John Travolta. It flopped when released to the cinemas in 1989 and has since been limited to video and television.

Channel 9, RTL: First of the European channels, this one in German. I check it because late in the evening at weekends it screens what appear to be Tyrolean "Carry On" movies with the pratfalls and chase sequences interspersed with lots of vigorous and jolly sex. They are very repetitive and sadly uninventive, but do have the great novelty of not being po-faced and American. However, tonight they are simply doing the Ghandi assassination in German.

This particular night was given an unusually strong British flavour by the football match. Unfortunately Eurosport, the channel formed by a consortium of European public service broadcasters including the BBC, which used to provide the best quality sports programmes on the satellite, has recently been taken off the air. Flicking in and out of the two remaining sports channels for a week or so proves that it is most unusual to come across e live international football match and far more common to find American saloon car racing, American ice hockey, American baseball, American basketball, British snooker, Australian Rules football and Australian rugby league.

Most common of all, however, seems to be American "all-in wrestling", e ludicrous farrago which makes the old British version look like the essence of authenticity. When I switched to *Sky Sports* at 11.15 pm on Wednesday two men called "The Nasty Boys", dressed all in black, had handcuffed e man in police uniform to the ropes and were ostensibly punching his head and kicking him in the genitals. Their acting was so poor that, whatever angle the cameraman adopted, you could clearly see the huge gaps between the Nasty Boys' feet and fists and the "policeman's" body.

Yet the sense of being wholly immersed in American life and culture is most striking during the daytime. It comes from the language of the old American game shows, set in shopping malls (rhymes with balls) with prizes of compact automobiles or thousands of dollars, and those peculiarly frank chat shows ("Yuh mean yuh actually helped him select which of your dresses he was gonna wear?"). Above all it comes from the endless "Advertising Feature" programmes where demonstrators, of e sort that you used to see on the ground floor of Gamages in the 1950s, display astounding expertise with plastic contraptions for dicing carrots, or some patent device for painting the panelling on a door. The only British connection is the address where the trusting viewer can send £39.95 plus £4.95 postage and packing.

All this added to the perpetual gunplay of the drama series creates an image of American culture which is depressingly repellant, especially for someone who has always had great respect for their belief in freedom, lack of hypocrisy, friendliness, willingness to try, and so on. As for the image of "British" Sky Broadcasting – that looks very sad indeed.

Christopher Dunkley

The Movie Channel shows baseball film 'Eight Men Out': where's the 'British' in B Sky B?

Joe Jackson

HAMMERSMITH ODEON

Few students of the Royal Academy of Music, of any music college, make it in pop. Musically they are over adequate; emotionally they find it hard to cope with the compromises, the hype, the sheer chanciness of the business.

Joe Jackson is the great exception. But his tenuous position as hero to a besotted minority while unknown to the mass confirms that an ability to wander round the stage playing any instrument that comes to hand, to compose melodies for every pop mood, from swing to salsa, and a talent for writing sensitive and provocative lyrics is conclusive proof that proficiency and pop are rare bedfellows.

He comes on looking like Tin Tin, a thin, balding, diffident figure, and settles behind an electronic keyboard to play his hit "Steppin' out" while the other members of the band slip on and gradually join in. The trick is repeated almost two hours later to bring an agreeable but scarcely essential evening to a conclusive end. It is like idling in a bath of warm water, quite pleasant but rather pointless.

There is no reason why Jackson should have a dynamic personality or take s committed uncompromising stance on global issues, but his dilettante approach hardly demands a reaction. This is unfair since his lyrics are as angry as those of Elvis Costello, who he sometimes approaches, and right on enough to satisfy every floating trendy. Songs like "It's different for girls" and "I'm the man" strike all the right attitudes.

Ultimately it is the range of his music which distracts. You settle into a little Latin groove and then Jackson projects you into "It's all too much", which is too clever for a love song, too melodic to prick the skin. It sums up the full extent of Jackson's angst: the variety of choice in supermarkets is "too much".

The band is excellent, with an appealing new recruit in Mindy Johnston beefing up Jackson's vocals with violin, guitar, harp and her own lungs. At the end you wonder why you have not enjoyed the good humour, the variety, the sheer musicality of it more. You mean to go out and buy Joe's albums, but somehow you never get round to it.

Antony Thorncroft

La Villegiature

LOUVAIN-LA-NEUVE

The francophone theatre's love-affair with 18th century comic intrigue, so bewildering to everyone else, scales a new height at Louvain-la-Neuve, where e specially constructed stadium with an open stage (dimensions: 34 metres wide, 20 metres deep) give e face-lift to one of the most inconsequential examples of the genre.

La Villegiature means "a stay in the country" and that is what Armand Delcampe's production, set in the countryside just beyond Brussels, invites. His lakeside stage is e mesh of marble piazzas and canals, gondolas nestling against bridges, and balustrades, fountains and palm trees popping up to form instant waterside gardens.

In Goldoni'e trilogy, Venetian merchants dress up, argue, pose and fall in love, as they prepare to go on holiday, get there and regretfully return. A young girl marries one of them but loves another; burlesque *amoretti* – lusty servants, an elderly aunt and a young fortune-hunter – underline the bitter-sweet follies of the central trio.

So much of the plot is e comic coming-and-going, with trunks and crates and birdcages and hatboxes, that it's hard to separate the actors from the props. Delcampe's cast look beautiful and move with Commedia dell' Arte grace and precision. A chase round the stage and up and down the bridges by Cecco (Daniel Hanssens), a Falstaff figure with wheelbarrow, takes several minutes and is funny simply because of the size of the set.

The gains throughout are the comedians, especially Hanssens and Gerard Vivane's foppish Ferdinando, e cunning jester who cuts capers in the air while twirling his victims and their inheritances metaphorically round his little finger and sing-songing Goldoni'e banal dialogue ("Vive la joie, vive le plaisir, vive la villegiature") in e flutter of mock-arias.

The losses are the more serious roles. Goldoni's comedies – he wrote around 300 – are about amorous gamesmanship, not fullblown passion, but in these dimensions the lovers have to play up bravura displays of tantrums and hysterics, which allow for little subtlety of glance or gesture.

Yet, some fine humour endures here – the lovelorn Leonardo (Robert Guilmard), locking himself in his trunk, so that a talking suitcase is wheeled around the stage, characters knocking at its lid when they wish to address the inmate – and the sheer imaginative scale of the production wins out. The sun sets on the lake, reflections shimmer as sky and plot darken, there's e ballet and e wind-quartet and a carriage drawn by wooden horses which courses about to the accompaniment of Vivaldi: e perfect evening out, which happens to include e play.

Jackie Wullschlager

The Houston Mozart festival

For its Mozart bicentenary celebration, the Houston Grand Opera staged the last five operas: *Figaro*, *Don Giovanni*, *Cosi*, the *Flute* and – centrepiece and most exciting of all – twelve performances of *La clemenza di Tito*. The operas ran for a month, sometimes two at the same time; there are two theatres in the Houston house, holding 2,172 and 1,068.

Planning for the festival began five years ago. The three Da Pontes are revivals of 1986-88 productions by the late Göran Jarvefelt and are played in essentially in the same set (by Carl Friedrich Oberle): a spacious Drottningholm-suggested room, differently decked for the various scenes, with two portals on each side and an arch at the back that can open onto various vistas. I thought it – like much of Jarvefelt's work – serious but a little dry, schematic, and colourless. Well-known Mozart singers had been engaged: Karita Mattila (Anna and Fiordiligi), Renée Fleming (Countess and Elvira), Deon van der Walt (Ottavio and Ferrando), Thomas Allen (Count and Giovanni), Renato Capecchi (Bartolo and Alfonso). Nuccia Focile was a lively Susanna. Christoph Eschenbach conducted all three operas, insofar as I heard them, seriously and well.

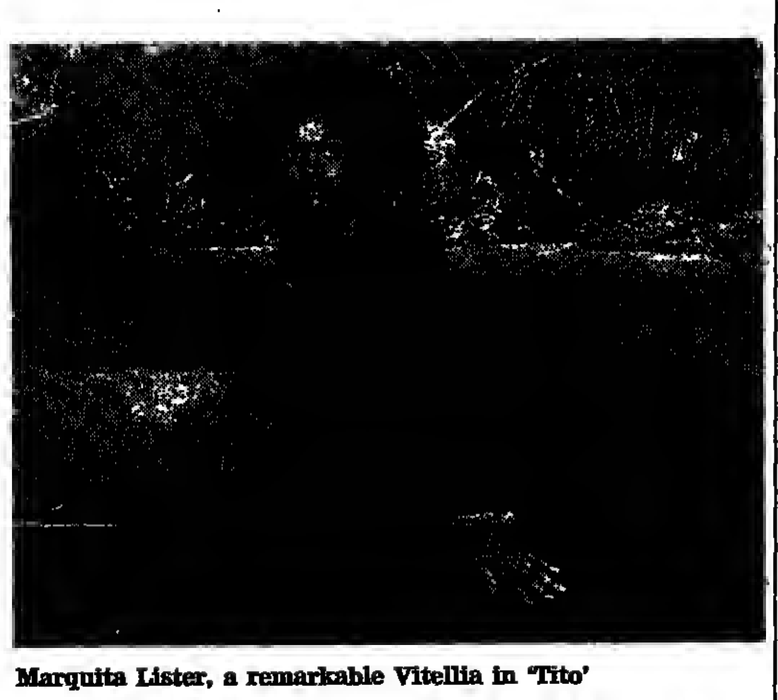
The *Flute* was a revival of Frank Corsaro's 1980 production, in Maurice Sendak's fubsy picture-book decor, staged this time round by Mr. Sendak himself. My own English translation was used, and so I especially enjoyed Robert Orth's very clear words, as Papageno; one didn't need the supertitles while he sang. Ewa Malas-Godlewska delivered the Queen's second aria with fiery brilliance. All three performances (I missed the *Cosi*) were good, but they were "revivals," restaged by assistants. The *Tito* was more vivid, and altogether remarkable, and I confess that on my Houston visit I skipped an act of *Figaro* and much of *Giovanni* to slip across into the smaller theatre and hear and rehear it, with rapturous enjoyment.

Tito was once as highly esteemed as any of Mozart's operas, Covent Garden's 1974 production showed why. So did the Houston production, where one could hear *Tito* in the context and as peer of the other masterpieces. Daniel Heartz, in his moving new book *Mozart's Operas*, calls it "the most modishly up-to-date work that Mozart left." He points out that in 1791 opera seria was not e dead form to which Mozart, on commission, cynically reverted. On the contrary, everywhere except in Vienna (where the Emperor favoured comedies) it flourished. In 1786 Mozart revised and wrote new music for *Idomeneo*; in subsequent years he composed one great opera-seria scena after another; the *Tito* commission brought him at last the opportunity of writing a full serious opera transcending the *opere serie* of Paisiello and co. as fully as his *Figaro* had transcended the lightweight charm of Paisiello's *Barbiere*.

Metastasio's *Tito* was a famous, challenging libretto. Gluck, among many others, had already set it. Voltaire had called Titus' interview with Sextus and his subsequent monologue "scenes worthy of the finest that Greece ever produced, if not superior . . . worthy of Corneille when he is not ranting, of Racine when he is not flimsy . . . scenes founded not an operatic brand of love but on the noble sentiments of the human heart." Mozart set them as such, and in Houston they were played as such. Peter Kazaras (emboldened, perhaps, by his recent Met Taminos) was the most affecting Titus I have heard since Julius Patzak's, many years ago. Lorraine Hunt, the Sextus, poured out heart-touching tones with Janet Baker-like fearlessness, radiance, and artistic discipline and integrity.

The third principal, Marquita Lister, the Vitellia, was equally remarkable. (Londoners who heard her Bess may already be agreeing, but she was new to me.) A graduate of the Houston Opera Studio, she is tall and beautiful, with dignity and force and grace in both her physical and her vocal demeanour, and e vocal prowess combined to dramatic instinct which should destine her to be our next important Elvira, then Anna. With "Nonpiù di fiori" she held the house spellbound.

Stephen Wedsworth produced, and he had inspired his cast to an eloquence that made one forget that the recitatives are (probably) not by Mozart. Thomas Lynch's set, Dunya Ramicova's costumes, and Peter Kaczorowksi's lights created a colourful and dramatic Rome seen, in the 20th century, through romanticising late-18th-century eyes. Vegetation softens the grandeur of the classical masonry,



Marquita Lister, a remarkable Vitellia in 'Tito'

but the costumes remind us that, even while this opera (which, like the *Flute*, presents a model of a responsible ruler) celebrated Leopold II's coronation, his sister Marie Antoinette was on the path that led to the guillotine.

John DeMain, the musical director of the Houston Opera, conducted players evidently eware that – as Niemetschek, Mozart's first biographer put it – "every part, even the most modest instrumental voice, combines to enhance the most beautiful unity of the whole." This Houston *Tito* was a coproduction with Scottish Opera. May it in Britain prove as thrillingly potent as it was in Houston.

Andrew Porter

Royal Ballet at the Met

The Royal Ballet will return to the New York Met for e two week season from July 8-20, its first visit for eight years. The season will include Anthony Dowell's 1987 staging of *Swan Lake*; Kenneth Macmillan's *Manon*; and e triple Bill which inclndes Ashton's *Scenes de ballet*; MacMillan's most recent work for the Royal Ballet, *Winter Dreams*; and Devid Bintley's *Still Life of the Penguin Cafe*.

The 80-strong company will include Darcey Bnssell, Viviana Durante and Bruce Sanson, Irek Mukhamedov, formely of the Bolshoy, and Principal Gnest artist Sylvie Guillem.

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

BARCELONA

Palau de la Musica 21.00 Riccardo Chailly conducts Royal Concertgebouw Orchestra in Haydn's Symphony No 44, Schoneberg's Five Orchestral Pieces and Schumann's Third Symphony. Tomorrow: Bruckner's Fifth (317 1141)

BERLIN

Komische Oper 19.30 Rolf Reuter conducts Harry Kupfer's new production of Carmen. Tomorrow: Idomeneo (2292 555)

Deutsche Oper 19.30 Stefan Soltesz conducts Manon Lescaut, also Sat. Tomorrow: Aida. Sun: Giselle (3410 249)

Schauspielhaus 20.00 Fabio Luisi conducts Berlin Staatskapelle in Mahler's First Symphony, plus music by Haydn and Stravinsky. Tomorrow: Justus Frantz plays Mozart (2004 762)

Staatsoper unter den Linden 19.00 Batakeva Dansk Company Tel Aviv. Tomorrow: Heinz Fricke conducts Der Rosenkavalier. Fri and Sun: Spartacus (2004 762)

Philharmonie Kammermusiksaal 20.00 Hartmut Haenchen conducts Berlin Philharmonic Orchestra in Aribert Reimann's Double Concerto (1988/90) with soloists Ulf Hoelscher and Wolfgang Boettcher, plus music by Webern, Bach, Haydn and Mozart, also tomorrow, Fri and Sat. Sun and next Mon: (2614 383)

Theater des Westens 19.30 Ballet of the Deutsche Oper in works by Hans van Manen, Roland Petit and Balanchine, also tomorrow. Fri and Sat: three ballets by Christopher Bruce (3190 3193)

BONN

Oper 20.00 Garcia Navarro conducts Verdi'e Requiem with soloists Margaret Price, Waltraud Meier, Francisco Araiza and Ellero d'Artegna. Tomorrow: Pelleas et Melisande (773667)

FRANKFURT

Alte Oper 19.30 Dmitri Kitaenko conducts Frankfurt Radio Symphony Orchestra in Ligeti'a Melodien, Schumann's Piano Concerto with Andras Schiff, and Prokofiev's cantata Ivan Groznyi. Also tomorrow and Fri (1340 400)

English Theater Kaiserstrasse 20.00 Alan Ayckbourn's Absurd Person Singular, runs till June 30 (242 3160)

GOTHENBURG

Konserthuset 19.30 Neeme Jarvi conducts Gothenburg Symphony Orchestra in music by Beethoven, Borodin and Lars-Erik Larsson. Repeated tomorrow (167000)

LONDON

MUSIC AND DANCE

Covent Garden 19.30 David Bintley's new full-evening ballet Cyrano, music by Wilfred Josephs. Also Sat (240 1066)

Coliseum 19.30 Tim Albery'e new production of Peter Grimes with Philip Langridge in title role, also Fri. Tomorrow: Stephen Oliver's new opera Timon of Athens. Sat: The Cunning Little Vixen (836 3161)

Royal Festival Hall 19.30 Kurt Sanderling conducts Los Angeles Philharmonic Orchestra in Bruckner's Fourth Symphony and Beethoven's Fourth Piano Concerto, with Richard Goode. Tomorrow: Leonard Slatkin conducts the Philharmonia (928 8800)

Queen Elizabeth Hall 19.45 Haydn and Mozart programme with London Soloists Chamber Orchestra. Tomorrow: London Jazz Orchestra. Fri: Northern Sinfonia (928 8800)

THEATRE

Shakespeare is currently enjoying s boom in London's theatre life. The New Shakespeare Company has just opened its season with A Midsummer Night's Dream, directed by Ian Talbot, with Roy Hudd playing Bottom (Open Air, Regent'e Park). Tha RSC repertory at the Barbican includes Love's Labour's Lost directed by Terry Hands (tonight and tomorrow) and Much Ado About Nothing directed by Bill Alexander (Fri). The Bloomsbury Theatre is showing the first all-black British production of Antony and Cleopatra, directed by Yvonne Brewster (071 387 9629). The Peter Hall Company'e production of the Shakespeare comedy Twelfth Night runs till Sat (Playhouse). Phone Theatreline: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

NEW YORK

DANCE

Metropolitan Opera 20.00 American Ballet Theatre in Twyle Tharp triple bill. Tomorrow, Fri and Sat: triple bill including Raymonde Act III (362 6000)

New York State Theater 20.00 NY City Ballet in three works by Balanchine plus Souvenir de Florence. Tomorrow: triple bill including Peter Martins' Ecstatic Orange, music by Michael Torke. Fri: all-Robbins evening (870 5570)

THEATRE

The following shows Off Broadway can be recommended: Dark of the Moon, the 1945 Appalachian mountain love story using authentic ballads and regional music of past eras (The Acting Studio, Thurs to Sat); The Way of the World, e modern-dress version of William Congreve's 18th century classic satire of marital fraud and sexual politics (Public/Susan Stein Shiva Theater); The Subject Was Roses, Frank D. Gilroy'e Pulitzer Prize-winning 1964 play centring on an uneasy Bronx family reunion (Roundabout Theater); and Breaking Legs, Tom Dulack's comedy about what happens when some Mafie godfathers want to invest in a Broadway show (Promenade Theater).

Ticketron (246 0102) answers inquiries and sells tickets

PARIS

Opéra Bastille 19.30 Myung-Whun Chung conducts Götz Friedrich's new production of Samson et Dalila, with a cast led by Hanna Schwarz, Vladimir Atlantov and Alain Fondary, also Sat and next Mon. Fri: Marek Janowski conducts Orchestre Philharmonique de Radio France (4001 1616)

Chatelet 20.30 Anne Sofie von Otter sings Berlioz'e Les Nuits de'Eté with Ensemble Orchestral de Paris conducted by Armin Jordan. Tomorrow: John Eliot Gardiner conducts Mozart'e Mass in C. Fri and Sun: final performances of Lluis Pasqual'e production of Entführung conducted by Gardiner (4028 2840)

Salle Pleyel 20.30 Alain Lombard conducts Orchestre de Paris in The Rite of Spring and Debussy'e Prelude e l'apres-midi d'un faune, with Michel Benet soloist in Mozart's Oboe Concerto. Repeated tomorrow (4563 0796)

Théâtre de la Ville 20.30 Jean Gaudin Company presents La Dame aux Camelias, new ballet set to soundtrack of Callas singing La traviata, also Fri and Sat. Tomorrow: Jean Gaudin dances solo (4274 2277)

ROME

Teatro dell'Opera 20.30 Bruno Bartoletti conducts Rigoletto, with Leo Nucci in title role and June Anderson as Gilda, also Fri. Tomorrow and Sat: Piccinni's Iphigenie en Taurida with Katia Ricciarelli in title role (463641)

VIENNA

Staatsoper 19.30 Ballet triple bill, with works by Balanchine and John Neumeier, also Fri and Sun. Tomorrow: Idomeneo. Sat: Cosi fan tutte (51444 2960). Fri and Sun at Theater an der Wien: Claudio Abbado conducts revival of Luc Bondy's Vienna Festival production of Don Giovanni, with Ruggero Raimondi in title role and Marie McLaughlin as Zerlina (586 1676)

Musikverein 19.30 Vaclav Neumann conducts the Orchestra of the Vienna Musikhochschule in music by Krenek, Bartok and Dvorak, with Tzimon Barto piano soloist (505 8190)

Konzerthaus 19.30 Nicholas Harnoncourt conducts Vienna Symphony Orchestra in symphonies by Beethoven and Haydn, plus Mozart'a Piano Concerto No 22 with Rudolf Buchbinder. Fri: Alfred Brendel plays Mozart. Sat and Sun: Chailly conducts the Royal Concertgebouw Orchestra (7124 6860)

ZURICH

Opernhaus 20.00 Carlos Kalmar conducts Ponnelle production of Die Entführung aus dem Serail, with Robert Gambill as Belmonte and Gunter von Kannen as Osmin, also Fri. Tomorrow: Die Zauberflöte. Sat: new production of John Cage'e Europeras (251 0909)

Tonhalle 20.15 Erich Leinsdorf conducts Tonhalle Orchestra in Strauss' Don Quixote and Brahms' Third Symphony. Repeated tomorrow (201 1580)

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(all times CET)

MONDAY TO FRIDAY

Eurosport
0600-0630 International Business report

CNN
0500-0530 Moneyline
0600-0630 Moneyline
1230-1300 CNN Market Watch
1330-1400 Business Day
2000-2030 World Business Today - a joint FT/CNN production with a review of the day's major business stories
2300-2330 World Business Today
0100-0130 Moneyline

Superchannel
0700-0830 Financial Times Business Report
A five minute business briefing broadcast three times between 0700 and 0900
2220 - 2250 (Wed) Financial Times Business Weekly - the latest round-up of business news with James Bellini and Debbie Middleton.
0830 & 2030 (Thurs) Financial Times Business Weekly

Sky News
1200 International Business Report
2130 (Thurs) Financial Times Business Weekly

SATURDAY

CNN
0800-0830 Moneyline
0900-0930 World Business Today - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week
2110-2140 Your Money

SUNDAY

Superchannel
1800-1830 FT Business Weekly
1930-2000 FT Business Weekly
2330-0030 FT Business Weekly

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1030-1100 FT Business Weekly

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0710-0740 Moneyweek
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Wednesday May 29 1991

Mr Rifkind is stuck in a jam

MALCOLM RIFKIND began yesterday's much-trailed speech on transport with the observation that Britain's traffic congestion is the sum of millions of "free" decisions taken by ordinary people on how they will get from A to B. His speech went on to list many useful initiatives designed to encourage more freight to go by rail, worthwhile on environmental grounds but marginal in terms of reducing congestion on the roads. But none of his announcements appears to do anything to change those millions of individual decisions which "seem likely to choke our towns and cities".

Mr Rifkind's description of decisions about transport as "free" will produce a hollow laugh on the 7.45 from Dartford and in cars trapped on Britain's choked roads. As with all economic decisions, freedom of choice about which type of transport to use is constrained by price and availability. Road consumption is free at the point of use and alternatives to the private car are often absent or greatly inferior, so it is hardly surprising that millions of people "freely" choose to jump in a car and join the jam.

Improving the availability of alternatives is not difficult – but it can be costly. London's new crosstown rail link from Paddington to Liverpool Street, for example, will cost £1.4bn for just seven miles. Light railways offer a less expensive option and are described by the transport secretary as having the potential to be "quick, convenient and attractive" (a judgment which the users of the London Docklands Light Railway might question).

Cheap options

But apart from mentioning the schemes already planned for Manchester and South Yorkshire, no new projects were announced. At this point in the public expenditure cycle, it would have been unrealistic to expect new announcements involving significant investment of this order. Yet listing two light railway projects agreed some time ago hardly amounts to a "highly significant new" initiative.

There are some relatively cheap options which can make public transport much more attractive, such as the tighter parking controls already in the pipeline. Dedicated bus lanes also improve the attractiveness of public transport, so long as they are kept free of parked cars and delivery vans. Mr Rifkind plans to encourage more red routes which penalise illegal parking and ban deliveries and this will certainly assist buses on the chosen routes. However, past experience suggests that priority routes merely transfer congestion elsewhere and may even encourage more car journeys in the absence of disincentives.

Road pricing

And it is the absence of disincentives for road use – a price to pay for using a commodity in limited supply – which is so disappointing. All that Mr Rifkind could announce was further research into urban traffic congestion, which would include an assessment of the possible role of road pricing. This research will take two to three years.

Arguably the market for road-pricing research is already suffering a glut, with academic research supported by policy papers from leftwing and rightwing think tanks to provide broad political support. And the city of Cambridge has decided to go ahead with a road-pricing scheme to solve its intractable congestion. This is a promising initiative, not least because the size of the city and its limited road connections to the outside world make it an ideal test-bed. At the very least the government should lend its support and encouragement to the Cambridge experiment and do its best to ensure it does not fail.

Mr Rifkind is right to focus on the individual decision to use road space in seeking to tackle traffic congestion. But by shelving the issue of road pricing in favour of further research, the day is postponed when supply and demand can be brought into balance. This may appear astute – no politician wants to go to the polls with a new charge on drivers. But it is short-sighted and ensures that congestion will remain a scourge of the UK's towns and cities, not to mention the roads in between.

If Mr Saddam stays put

BRITISH and US policy towards Iraq is in a muddle. President George Bush and Mr John Major have declared that UN economic sanctions against Iraq must remain in force until President Saddam Hussein is removed from power. The essence of the policy is to let Iraq stew in its misfortunes until one of his cronies is forced to overthrow him. Most people, including the Iraqis, are as keen as Mr Bush and Mr Major to see the Iraqi leader responsible for two Gulf wars replaced as soon as possible, but the Anglo-American strategy looks wrongheaded on several counts.

For a start, Britain and the US do not enjoy the support of the other permanent members of the UN Security Council in their efforts to shift the sanctions goalposts. As the Soviet ambassador to the UN is right to point out, the sanctions are against Iraq, not against Saddam Hussein.

Second, the argument widely employed last year against prolonged sanctions (and in favour of war) to drive Iraq out of Kuwait remains as powerful as ever: *it is the Iraqi people*, not the privileged elite in the ruling Ba'ath party who suffer from sanctions, and they have no democratic means of translating their resentment into political action.

Revised view

The revised Anglo-American argument goes something like this: with sanctions in place the regime will have no money, and without money it will not be able to buy the loyalty of its supporters. One of Mr Saddam's associates will take control of Iraq. The country will still be gratifyingly united but will have been rid of an embarrassing and destabilising leadership. UN resolutions justify the demand for his removal, because Resolution 678 authorises UN members "to restore international peace and security in the area", and Resolution 687 says sanctions will be reviewed "in the light of the policies and practices of the government of Iraq". President Saddam, *in sum, is bad policy*, bad practice and bad for peace and security.

This policy is faulty not because of its aim – the overthrow of Mr Saddam – but because it undermines the authority of the UN by stretching the wording of UN resolutions too far. Nor does it explain what alternative there is to a humiliating Anglo-American climb down if the Iraqi leader survives, as he has a habit of doing.

Reversed argument

There are already signs that his government is beginning to regain a measure of confidence after crushing the post-war uprisings in *the Shia Moslem* south and the Kurdish north of Iraq. Mother Teresa is due to visit the country this week at the invitation of the authorities; the Kurds are finding it more difficult than expected to secure an agreement for an autonomous Iraqi Kurdistan (whose safety they fondly hoped would be guaranteed by the introduction of democracy throughout Iraq); and Mr Abdul-Razzak al-Hashimi, one of Mr Saddam's ministers, has cleverly turned the sanctions argument on its head by saying that democratisation will have to wait until sanctions are lifted and Iraqis have enough to eat.

Dealing with Iraq in the aftermath of the allied victory was never going to be easy. America's numerous critics in the Middle East swing wildly between blaming western interference for the region's problems and demanding more interference in support of their own aims. Kuwait's human *rights abuses and lack of lead*ership have taken the shine off the allied victory, and the Gulf states are in complete confusion about their future security.

All the more reason, then, for the west to stick to the letter of the UN resolutions it has helped to frame, rather than using UN sanctions to pursue the understandable but probably impractical attempt to overthrow President Saddam by economic pressure alone. The sanctions should be used as a lever to ensure the destruction of Iraq's military arsenal and to prevent the *murder of Iraqi Kurds* and other citizens. Sanctions lose most of their leverage if the Iraqi president cannot have them lifted by complying completely with UN resolutions.

As violence continues South Africa's balance of power has shifted, writes **Patti Waldmeir**

A bloody transition

South Africa is passing through a kind of political puberty. Apartheid delayed its onset, treating blacks as minors with no political rights or responsibilities, allowing whites to rule supreme without interference from the ruled. Now apartheid's iron grip has been relaxed, and the growing pains have begun. In the bloodied streets of black South Africa, the battle is on for power in the post-apartheid era.

South African political leaders *strut and fret daily over the* violence which has attended apartheid's demise. But behind the apparently petty disputes, the tantrums and the ruptures which have marked South African political life in recent months, there has been a pronounced shift in the balance of power. Conservative whites within the police have fought their corner with vigour, sometimes with the active or passive assistance of government. The Inkatha Freedom party has provoked a surge of Zulu nationalism which has carried the party to national prominence; as a result, the African National Congress – the *least* belligerent of the parties, and the most vulnerable – has suffered grave political damage.

Fifteen months ago, when Mr Nelson Mandela, ANC deputy president, was released from prison, there were two main players on the South African political stage: the government and the ANC. Now there are three, for the violence has demonstrated that South Africa will find no political solution without the participation of Chief Mangosuthu Buthelezi, leader of the mainly Zulu Inkatha party. Before the killing started, anti-apartheid activists dismissed him as a regional leader of little consequence; they have now been taught to think otherwise.

There can be no doubt that, at least on one level, violence has served the political needs of the ruling National party and of Inkatha, to the detriment of the ANC. Government ministers deny, with predictable vehemence, that Pretoria's own police have played an important role in the killings; but the weight of eye-witness accounts, and the evidence of endless television footage, is overwhelming.

Police have sometimes shot Inkatha supporters, restrained them and occasionally disarmed them. But in many more cases, they have looked away as Inkatha attacked, or trained their guns on ANC sympathisers. It does not take much to ignite tribal and political hatred in a black township; in the current circumstances tensions are always near the surface. Some rightwing members of the police have clearly exploited this to their advantage.

Support for the ANC has suffered: for the violence has stirred ethnic fears in almost every South African community. Most victims have come from ANC ranks: "People are beginning to say, if we join the ANC we will be killed," says one senior ANC official. Indians and Coloureds, who might have supported the ANC's policy of non-racialism, are now looking to the National party to protect them. Zulus who owed a loose allegiance to Mr Mandela as a national hero are falling back on the narrower Zulu nationalism of Inkatha. Even some

Battle front: armed protesters confront a policeman in Soweto

members of minority tribes are turning to Inkatha: in the lawless atmosphere of the townships, the image of the warlike Zulu dressed for battle is a powerful one.

Indeed, as one senior Nationalist argues: "The violence made the point that apartheid failed to make: that the problem of ethnicity, black ethnicity, is real in South Africa." The implication is that violence has demonstrated the need for power-sharing in a society of multiple races, tribes and cultures. And it has yielded a chastened ANC – one which Pretoria clearly prefers as a more realistic negotiating partner.

But the price of the ANC's

To tame the violence black leaders must summon the political will for restraint

chastisement has been high. "It [violence] is just harming us now, it is hurting business confidence and undermining support for a new constitution, not to mention the human suffering," says the same Nationalist.

In recent weeks, Pretoria has finally begun to demonstrate the political will to stop the killing. It has banned the carrying of dangerous weapons in unrest areas – including so-called "cultural weapons", the implements of 19th-century warfare (the knobkerrie, the assegai, the panga) which the Zulus insist are part of their traditional dress. If rigorously enforced, the ban should reduce the potential for township violence by outlawing inflammatory displays of Zulu militancy.

The ANC can rightly claim credit for this ban; Mr Mandela effectively forced Pretoria to impose it by carrying out his threat to block talks on a new constitution. Indeed, over the past six weeks, the ANC's tactic of imposing successive ultimatums on government appears to have paid off: outwitted and outmanoeuvred by the Nationalists consistently since talks began, the ANC has now succeeded in grasping the negotiating initiative from Pretoria. Its new tough line is also helping its image in the townships, where – in the words of one senior ANC official speaking before the change in strategy – "90 per cent of our supporters think we've sold out".

Though it plays well in the townships, the ANC's decision to boycott constitutional talks is largely symbolic. No such talks are under way, and little progress in planning them was expected before the ANC elects a new leadership at its national conference in early July. Indeed, the prospect of that election could help to explain the ANC's new militancy: ultra-radical local activists will *dominate* the electorate at the conference; the ANC's leadership must prove its own radical credentials now – or risk being voted out of office.

But the anger evident among ANC leaders is not merely feigned for electoral purposes. "To the whites in general, the *life of a black man is cheap*," says a senior ANC official, repeating a complaint which is made throughout the organisation's ranks. Government officials counter that almost all the killing has been done by blacks themselves. "We've done all we can to stop it, but they just keep killing each other," is the private refrain from Pretoria's ministers.

The fact is that none of the *belligerents has* yet done enough to halt the bloodletting – and their recent obsession with the issue of "cultural weapons", while not unimportant, has diverted attention from a more central problem: the behaviour of the security forces. Mr Mandela himself admits that there are many in the police and army who act with professionalism and impartiality – including the police commander in Soweto itself. But President F W de Klerk has simply not done enough to drag the rest of the force kicking and screaming into the new South Africa.

Police officers found guilty of participating in recent township massacres have not been prosecuted; local commanders who side with Inkatha are not sacked, or moved from township duty. Township deaths are rarely investigated thoroughly, and charges seldom brought. All of this must change if the violence is to be controlled.

But as Mr Ken Owen, South Africa's most prominent political commentator, points out in a recent article, orders from the president alone cannot restore law and order. "The sad fact of the matter is that the SAP (South African Police), as an instrument of order, is largely ineffectual. It has been profoundly corrupted, first by apartheid and then by the regime of the 'securocrats' (the government of former President P W Botha), and the damage has been compounded by the loss of legitimacy, poor training, meagre manpower." He concludes that the police are incapable of ending violence except by paramilitary means – "in effect, large-scale massacre" – a South African habit which no party, least of all the ANC, would wish to revive.

South Africa's black parties, too, cannot shirk responsibility for the continuing violence. They can blame apartheid for the culture of political intolerance which they have inherited from whites; but if intolerance is not their fault, it is a legacy which they cannot escape. To tame the violence black leaders, too, must summon the political will for restraint.

The danger is that, although the genesis of the violence is political, politics alone may not be enough to halt it. For the fighting has revived dormant tribal animosities, provided opportunities for criminals and set off cycles of revenge. At its worst, it is simply inexplicable, bestial and terrifying beyond words.

South Africa is not Beirut, or even French-ruled Algeria; the scale of the slaughter has not reached those levels. But for the moment, violence has blocked the path to a post-apartheid future. Apartheid repression has given way to a climate of intolerance and fear; for black South Africa, it has proved a poor exchange indeed.

PERSONAL VIEW

Too high a price

By John Grieve Smith

The continued high level of pay settlements despite the rapid growth of unemployment is evidence that the wage-price spiral is far more intractable than the fall in the "headline" inflation figures would suggest. But while growing unemployment will eventually bring down the rate of increase of wages and costs to a more acceptable level, the underlying problem of the *inflationary nature of the Brit*ish pay bargaining structure will remain unsolved. The reduction in capacity during the recession will mean that any significant recovery is likely to lead to an acceleration of the wage-price spiral.

There is a growing feeling that it is time to consider whether there is a better way to tackle inflation. Whereas any form of pay policy was virtually taboo a year or so ago, the trade unions, the Labour front bench and the prime minister's policy unit are now all gingerly exploring the possibility of reforming the pay bargaining structure.

Why has the wage-price spiral been so intractable? It is difficult to attribute it any longer to excessive trade union power. The basic problem is rather that individual wage negotiations are governed entirely by the immediate interests of the employers and employees involved, and take no account of their wider impact on the general level of prices. This failure has been accentuated by the trend towards decentralised pay bargaining and the emphasis on productivity deals. Firms in industries with high productivity increases, or in service sectors which are not subject to foreign competition, negotiate high pay increases which then spread throughout the economy. The resulting increases in money wages are far greater than the average increase in productivity, and prices in general inevitably rise.

The only positive way to tackle this problem is to find a means of getting both employers and unions to take account of the wider implications of their pay negotiations. There is growing acceptance of the case for greater co-ordination, but differing views about how this should be achieved. The first essential is that the government of the day, the TUC and the Confederation of British Industry should hold discussions to agree on a general pay policy as a framework for individual negotiations.

In my view, however, such *an agreement is unlikely to be* effective without some arrangements first to monitor what is going on, and then to bring pressure to bear on all concerned to reach settlements in line with the agreed policy. For the essence of such an agreement is that individual groups of workers hold back because they are confident others will do likewise. Such confidence is essential: the problem is to devise the appropriate machinery to ensure it without returning to a regime of statutory compulsion. For such a regime is now generally regarded as unfair *in principle*, as it only covers those whose pay scales are settled by collective bargaining, and dangerous in practice, because any major disputes that threaten to break through the policy become a challenge to the government or to the law.

A new approach is needed. One way of tackling this would be to set up a Pay Advisory Commission to monitor pay claims and settlements.* It would have the authority to make representations to both parties in any pay negotiations, and to give them advice during any recourse to conciliation. It would cover both the private and public sectors and would play an important role in providing a source of independent advice in public sector negotiations and to the Pay Review Bodies (which should be amalgamated).

The commission would not have any statutory power to impose settlements or act as final adjudicator. But it would have the power to refer a dispute to binding arbitration. Such arbitration would take into account the agreed national guidelines; and the commission would act as a "friend of the court" in the arbitration proceedings. This power to refer disputes to arbitration should be used only sparingly; but it would as a last resort provide a means of avoiding (or minimising) damaging and unpopular industrial action, particularly in the public services, and containing attempts to breach the policy.

Both unions and employers are understandably concerned at the constraints any such moves could place on their freedom to negotiate in what they consider their own best interests. But both have also a great deal more to lose if the alternative means of attacking wage inflation involve heavy casualties in the form of job losses, plant closures, and bankruptcies. And on a wider plane, there is a more fundamental political and moral issue facing the main political parties: are we going to restore full employment as an essential economic objective or are we going to accept the return of mass unemployment, once banished, as a permanent and essential feature of our economic system?

* *The author's report, Pay Strategy for the 1990s, IPPR, 30-32 Southampton Street, London, WC2E 7PA, £7.50.*

The author is senior bursar of Robinson College, Cambridge.

OBSERVER

Destination unknown

■ The biggest surprise about Jean-Martin Folz's departure from the deputy chief executive's slot at Pechiney, the French state-owned aluminium and packaging group, is that no-one knows yet where he is going.

Folz's career has been an unbroken ascent through the classic training grounds of the French élite, from the Ecole Polytechnique and the School of Mines, through various ministerial offices, to the top ranks of public and private industry.

Highly esteemed by the pontiffs of the French industrial establishment, such as Jean-Louis Beffa, the chairman of glass and construction materials group Saint-Gobain, Folz is widely reckoned to have *been the man actually running* Pechiney, while chairman Jean Gandois divided his attention between France and Belgium, where he also heads the Cockerill steel group. In recent months, however, Folz seemed unhappy about his lack of authority over American National Can, Pechiney's newly acquired US subsidiary.

A month ago, he could have expected a helping hand from Roger Fauroux, industry minister in the last French government and himself a former Saint-Gobain chairman. But Fauroux himself has been out of a job since the change of government two weeks back.

Moreover Folz looks to have the wrong political colouring for a state-sector chairmanship under the government of Edith Cresson, even though he shares with the new prime minister a spell with the Schneider group.

Golden egos

■ American Barrick's Peter Munk is one of those larger than life figures in an industry that seems increasingly dominated by accountants and bankers. He has made and lost several fortunes along the way, and like Sir James Goldsmith is a friend of Lord Hanson and thinks of himself as a big picture man.

Having emigrated to Canada from Hungary in the 1950s, 63-year-old Munk is more comfortable talking about French wines and the ski runs at Klosters than about the nitty-gritty of gold mining. An early hi-fi venture was a disaster, but a move into hotels down under with help from Saudi power-broker Adnan Khashoggi was more successful.

Nevertheless it is in the gold industry that Munk has really made his name. Early plans to make a bid for Consolidated Gold Fields (now part of Hanson) were laughed out of court. *But Munk has transformed* Barrick from a struggling upstart into a major and respected player.

It will be interesting to see how well he works with the predators' predator, Sir James.

Flag furled

■ The Union Jack is being hauled down in Hong Kong six years ahead of the colony's reversion to China in 1997. While people have been concentrating on the dog fight between Britain and China over who controls the colony and its proposed £7.5bn *airport*, Swire's Hong Kong based offshoot Cathay Pacific Airways has bowed to reality and started removing the flag from the tail fins of its 42 jets.

The excuse is that there is less of a case for the 45-year-old airline to fly the flag now that Hong Kong is taking over air services agreements previously held on its behalf by the UK.

The real explanation is that it was clearly *impractical* suddenly to remove the flag from all the aircraft on the handover night of June 30 1997. So someone hit on the idea of doing it as aircraft paintwork is overhauled. Four planes have been fixed so far, and the rest will take three or four years.

There's also a hidden reason for the hurry. If no Union Jacks are displayed in the immediate run-up to 1997, there will be fewer grounds for China to press that its flag should appear instead. From now on, Cathay's spokesman says, the airline will be showing a "clean green tail".

"I'm celebrating the end of the war."

Fickle trade

■ Take two City public relations men who entered the House of Commons in the 1970s on opposing sides. Both are around 50. One is now a knight and quietly bowing out of politics in order to pursue his business interests. The other is pondering the most important decision of his career.

Sir Ian Wrigglesworth – who used to be the public voice *of National Girobank before* he skipped into parliament, first for labour, then the SDP – has decided to become a full-time businessman rather than gamble on retaking Stockton South for the Liberal Democrats. He is deputy chairman of Livingstone Group, a privately-owned Middlesbrough firm with developing links on the Continent.

The other ex-City PR man, of course, is Prime Minister John Major.

Wrong again

■ For a brief moment yesterday, the UK's oft-criticised Central Statistical Office seemed to have worked a minor miracle.

Just two months into the second quarter, and the CSO had apparently produced full national accounts figures for the first quarter of 1991. Margaret Thatcher would have been proud of such efficiency.

Unfortunately, as things turned out, the CSO was back to its bad old ways. The cover *and contents page of the latest* issue of Economic Trends (price £11) were wrong. All that was really on offer was full figures for the final quarter of last year. Statistical buffs will have to wait till June 24 for the real thing.

Spiels on wheels

■ A colleague had a bizarre conversation with an open-topped Rolls-Royce parked on London's Jermyn Street the other day. As she approached the vehicle along the footpath, a computerised voice shouted *in an American accent*: "Stay away from the car!"

Inquisitive, she took a step nearer. "You are too close to the car," the voice warned. But my colleague could not resist gazing inside at the soft leather seats and gold-plated steering wheel.

As she did so, the car grew even more agitated. "Perimeter violation," it screamed, twice. "You can't threaten me," she retorted. But it did. "If you do not move away from the car, the alarm will sound," it said. "Five ... four ... three ... two..." She backed off.

"Thank you," the car said.

Council cuts and a fall in giving are taking their toll on Britain's voluntary sector, says **Alan Pike**

Sweet charity turns sour

Charity, Mr Robin Guthrie, chief charity commissioner, said when presenting his annual report this month, has always provided a way for individuals to contribute towards a more caring, responsible society. If the state of the voluntary sector is taken as the test of the extent to which contemporary Britain is caring and responsible, this may be the moment for depression to set in.

The day after Mr Guthrie presented his report, the National Society for the Prevention of Cruelty to Children, one of Britain's dozen biggest charities, announced "painful action" to reduce a £3m operating deficit through job losses and service cuts.

The NSPCC – patron Princess Margaret – is not alone. Most large charities are suffering a decline in income. Many less well-known, tightly-financed local voluntary organisations have been forced to close and more will follow.

Part of the problem facing tha voluntary sector stems from a straightforward reduction in individual donations as high interest rates take their toll on giving. This is compounded by the combined pressures of recession, inflation and conflicting government signals: the government wants the voluntary sector to expand but cuts in public-sector funding and increases in VAT are key causes of its contraction.

Organisations active in the employment training field have been hit by government reductions in its employment and youth training budgets. The National Council for Voluntary Organisations (NCVO) calculates that more than half the 66,000 training places provided by the voluntary sector – largely for disadvantaged groups – have disappeared.

In London, many borough councils have cut their voluntary sector budgets, and political disagreement on the London boroughs grants committee – which holds the former Greater London Council's grant-making responsibilities – has prevented it from agreeing a budget for the current financial year. Even if the budget could be agreed, Mr Serge Lourie, the Liberal Democrat councillor who chairs the committee, says more money from the government and elsewhere is needed to meet the needs of Londoners.

Britain's charities had hoped the government would concede a long-running demand to ease the sector's annual £200m VAT burden in this year's Budget. Instead, the chancellor threw in a few VAT concessions which will save charities about £5m a year – but the overall increase in the VAT rate from 15 to 17½ per cent will cost the sector an extra £33m.

For many voluntary sector leaders, the VAT blow undermined at a stroke the government's initiatives in payroll giving and gift-aid schemes.

"One of the government's Budget measures lifted the £5m tax limit on donations through the gift-aid scheme," says Mr Julian Hopkins, director of Care Britain, an overseas charity. "It really is a bit of a joke. I don't believe many charities have had the problem of people wanting to give them more than £5m lately. My problem is that I will have to raise another £100,000 in voluntary donations just to pay our higher VAT bill."

The looming financial collapse of sections of the voluntary sector comes as the government is anxious that it should grow and take over welfare responsibilities on contract from statutory agencies. This objective surfaced again most recently in last month's consultative document on local government reform. New-look local authorities will be expected to adopt an "enabling" role, contracting out service delivery to the voluntary and private sectors.

The voluntary sector is divided over government contracts. Some charity directors and trustees fear their organisations' campaigning activities would be blunted by becoming service-providers to the state.

They would, however, offer greater financial stability. "Contracts will enable voluntary organisations to make proper strategic plans for three to five years ahead rather than having to rely on grants which can be cut at any moment," says Michael Whitlam, director-general of the British Red Cross. Big organisations such as the Red Cross are likely to flourish under contract funding. But there are fears that the future could become more precarious for many small, locally-based groups which already face the worst of the cuts in local authority funding.

The Community Development Foundation, which promotes community involvement in regeneration projects, warned in a recent report that contract funding would "drive a wedge between professionalised service organisations, which can work to standardised contracts", and smaller groups.

Mr Pesh Framjee, a charities consultant at Binder Hamlyn, the accountancy firm, and the co-ordinator of the Charity Finance Directors' Group, which provides a forum for financial managers from about 200 charities to exchange views, believes the outcome may be more positive. "I hope the big charities might subcontract to smaller ones, rather than try to dominate all service delivery in particular fields."

There is growing appreciation within charities of the need to eliminate unnecessary costs, improve managerial efficiency and training and develop clearer priorities. Mr Framjee's group is working on several basic initiatives, such as a car purchasing co-operative to give voluntary organisations stronger buying power.

Next month, the NCVO will publish a Voluntary Sector Manifesto, setting out its framework for the 1990s. It will emphasise that central government funding will remain a "crucial and irreplaceable component" of income if the voluntary sector is to widen its role. The manifesto will call for a government-promoted code of good practice on public funding of voluntary organisations. This would set out "reasonable expectations" in the funding relationship, devise mechanisms for avoiding conflicts of interest, and acknowledge that charities need sufficient funds to deliver services and to run efficient organisations.

The manifesto will call for the immediate introduction of the government's Charities Bill – which will give the Charity Commission greater powers to tackle abuse and strengthen financial management – and wider VAT and business rate exemptions. The NCVO and the commissioners hope the bill will be enacted during this parliament.

Perhaps the most urgent challenge is the need to boost individual giving. Directors of a group of the biggest charities will next month consider a joint marketing campaign to promote the concept of charitable support in a more concerted way. If successful, it could make the sector less dependent on public funds – but it would be costly, and, paradoxically, may get off the ground only if the government helps finance it.

Edward Mortimer

In touch with the Dutch

European political union will be forged under the leadership of a divided government which lacks a strategic vision

FOREIGN AFFAIRS

In just over a month's time the Netherlands will assume the presidency of the European Community.

The presidency changes every six months, and as a general rule more fuss is made about it than it really warrants. It is, of course, a good "peg" for newspaper articles charting the Community's progress, and highlighting the role of one particular member state. In the next month you can expect to see quite a few articles on the Dutch role in Europe. I am getting mine in early.

My excuse is twofold. First, I was in The Hague last week for a conference on parliamentary democracy and international security policy, sponsored by the Dutch foreign and defence ministers. Second, the next semester promises to be a peculiarly important one in the history of the EC: it is supposed to see the completion of the twin inter-governmental conferences which have, by the end of the year, to agree on the transformation of the Community into an economic, monetary and political union.

A compromise is perhaps now in sight on economic and monetary union, if the British government accepts the loophole of being allowed to reserve its own position while others commit themselves to a fixed timetable. But the nature and scope of political union remains the object of bitter disagreements, as well as considerable confusion.

The Dutch do not seem well placed to thrash out a compromise, because on two key issues they are nowhere near a median position, but way out on a limb. On defence they are extreme Atlanticists, even fiercer than the British in their determination that European defence be organised only within Nato, and that the EC do nothing which might look like trespassing on Nato's domain. But whatever the EC does do it wants to do it in its own right, using the supranational institutions – Commission, Council of Ministers, Parliament, Court – bequeathed to it by the Treaty of Rome; whereas both Britain and France wish to keep foreign and security policy as a matter for discussion among national political leaders, who meet as the European Council and take decisions only by consensus.

The fervent Atlanticism of the Dutch has come as a surprise to those who remember the great difficulty the Dutch government had, in the early 1980s, in agreeing on and sticking to its decision to accept US cruise missiles on its territory – a decision opposed by a massive and highly-articulate peace movement. Is it the same country which joined in the Gulf war with such enthusiasm, encountering very little domestic opposition?

It is. The Dutch as a nation were never pacifists, nor even anti-American. But their approach to foreign policy tends to be moralistic rather than strategic. They feel the same moral qualms as everyone else about nuclear weapons. Many Dutch people saw basing cruise missiles in the Netherlands as a way of unnecessarily incurring an added responsibility and an added risk, rather than a way of increasing their security.

The Dutch do not seem well placed to thrash out a compromise on political union, because on two key issues they are nowhere near a median position, but out on a limb

No such considerations were involved in the Gulf war. In this case Dutch moral revulsion was directed against the tyrant, Saddam Hussein. And one should not forget that the Netherlands, like Britain and France, is a maritime power with a long colonial tradition. The idea that force can from time to time be used overseas, legitimately and without undue risk, comes more naturally to such states.

That said, one can also sense in the Netherlands a certain backlash against the peace movement. Although Mary Kaldor, a British peace activist, told last week's conference that the Dutch debate on cruise missiles had been an important part of the process which led to the abolition of all intermediate-range nuclear forces, one may guess that most ordinary Dutch people agree with the Slovak speaker who replied that tha Soviet SS20 intermediate-range missiles around his home town had been removed not thanks to the western peace movement, but because cruise and Pershing-2 missiles were deployed in western Europe.

The Dutch remember, with a certain discomfort, the efforts made by their foreign minister in 1986, first to prevent the Erasmus Prize from being awarded to the Czechoslovak human rights group Charter 77, and then to censor the reading of Vaclav Havel's acceptance speech in the presence of the Dutch royal family, which he feared would damage the country's *détente* policy and undermine its relations with Czechoslovakia. That, of course, cannot be blamed on the peace movement, which gave much more active and timely support to Havel and other east European dissidents than did any western government. But the memory of that episode, combined with the reeurfacing of old, largely unspoken fears about Germany, adds to a general sense that the sudden triumph of anti-communism in eastern Europe has caught all those who made east-west *détente* their main priority on the wrong foot.

It is the same foreign minister, Hans van den Broek, who is now the main architect and spokesman of the country's Atlanticist stance, jealously guarding Nato against any invasion of its sphere of competence by the EC. He alone, at the February ministerial meeting of the Western European Union, blocked an emerging consensus – that "the conclusions of the European Council on the principles and orientation of the common foreign and security policy would serve as a guideline" for WEU co-ordination in the defence field – which even the British government was willing to go along with.

Mr van den Broek, who some say aspires to be Nato's next secretary-general, is as adamant that the WEU must develop only within Nato as the French are that it should develop only outside Nato, as part of a specifically European framework. On this point he differs from his Labour colleague Relus ter Beek, the defence minister, who sees the proposed creation of a WEU rapid-reaction force, even if composed of units allocated to Nato and deployed only after consultations within Nato, as "a major step in the gradual development of European political union".

Mr van den Broek also opposes any increase in the powers of the European Council, partly on Dutch constitutional grounds. He wishes to preserve European policy as the domain of his own ministry, rather than allow it to be taken over by the prime minister who is supposed to be only *primus inter pares*, but who of course represents the country at European Council meetings.

But the prime minister himself, Mr Ruud Lubbers (a fellow Christian Democrat), is known to have different views. If Mr van den Broek aspires to succeed Manfred Wörner at Nato, Mr Lubbers is believed to have his eye on the succession to Jacques Delors. Should he realise that ambition, no doubt he will become an eager defender of the Commission's prerogatives. But in order to get there, he needs the support of his fellow heads of government; and it is between heads of government – whether in formal meetings of the European Council or in a series of bilateral discussions – that the final compromises on the form of European political union will have to be hammered out.

Mr van den Broek is a strong personality, who so far has been able to stamp the Dutch position firmly with his own views. But the special responsibilities that come with the presidency may enable Mr Lubbers to have the last word, no matter what the constitution says.

LETTERS

No legal problem in banning tobacco advertising in the EC

From Mr Michael O'Connor.

Sir, Your editorial ("Pipe dreams in Brussels", May 23) accuses the European Commission of using "questionable methods" in proposing a draft directive to ban tobacco advertising but you fail to provide convincing legal arguments.

There are differences in national regulations concerning tobacco advertising in magazines and posters. They constitute a barrier to trade. Therefore the proposal, based on Article 100A of the Treaty of Rome, is a legitimate basis for implementing a measure aimed at harmonising regulations in the interests of creating a single market.

You go on to state, without argument, that it is debatable that any member state could invoke Article 36 to keep out material which did not abide by national regulations and you thereby imply that harmonisation is not necessary. Recourse to Article 36 is available to member states in the absence of a harmonising regulation and they would have a very strong case for invoking it in this instance as one of the grounds for its use, public health, is clearly at issue in the case of tobacco advertising.

This proposal does not open the way for bans on other advertisements. It breaks no new legal ground. There is little parliamentary or public support for other bans, whereas in 1987 a public opinion survey showed that 74 per cent of people questioned in the UK supported a ban on tobacco advertising. The European Parliament has also voted for a ban. Two member states have banned tobacco advertising and two more are doing so to help cut the death toll of 450,000 caused by smoking. The Norwegians have proved how a ban reduces smoking among teenagers. The UK led the world in research on smoking and health, and indeed on health education, but I hope we do not hold back the Community from acting to protect young people's health and securing a single market.

Michael O'Connor,
director,
Coronary Prevention Group,
102 Gloucester Place, W1

Computers out of control

From Dr Stephen Castell.

Sir, We, too, have observed that, increasingly, major computer software development projects run out of control ("In pursuit of an untamed beast", May 24).

It will be interesting to see just how many such large-scale "runaways" (as KPMG Peat Marwick describes them) result in litigation which actually gets to court. Perhaps it would be a good thing if a few more did. We estimate that there may be as many as 40 projects at the £2m-plus level (once "runaways", and now rusting uselessly in the sidings) which could qualify.

A legal judgment or two might provide the motivation for computer professionals, salesmen and their legal advisers to tighten up the management of the whole process of software development (particularly, perhaps, where fixed-price contracts are concerned).

As has already become clear in the field of financial analysis and audit relating to civil and criminal court action – forensic accounting – a similar set of techniques for the investigation, evaluation and presentation of complex software development projects needs to be applied if lawyers and judges are to have a hope of understanding the relative merits of protagonists' contentious positions.

Stephen Castell,
Castell Computer and Telecommunications,
20 Grange Road,
Wickham Bishops,
Witham, Essex

Having to take a 'rounded view' of bank charges

From Mr Lynn Lewis.

Sir, There are more areas in which the banks are stinging their business customers than by hiking their lending margins.

For my private company I negotiated hard with National Westminster to pay 1.5 per cent above base rate for our £120,000 overdraft – so the bank has found another method of taking money off us. It has just told us that for last year the charge for each cheque we paid was increased from 45p to 58p (up 29 per cent) and for handling £100 cash increased from 42p to 56p (up 33 per cent). It has ignored our written request for a published tariff, so that we can find out if this enormous percentage increase was standard or whether we were being singled out; and it has ignored our request for it to tell us what the charges will be this year, but says they are all part of its "ongoing central review of overheads".

The bank says that our bargaining to get reasonable interest rates means that our account is run at a loss, which Natwest must recover on the transmission charges. "Take a rounded view of the topic...", it wrote to us, making me aware that all our negotiating (for which it charged a "management fee") was pointless.

The only way for small businesses to deal with the banks is to insist on agreeing in advance the charge for every service, and being invoiced for it, in the same way as we deal with all other suppliers. Otherwise, there is always a door open for the bank to deduct money from our accounts.

Lynn Lewis,
managing director,
Nauticalia,
Ferry Lane,
Shepperton-on-Thames,
Middx

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Points missed in criticism of the IAEA study of Chernobyl

From Dr R H Taylor.

Sir, In his headlong rush to find reasons to dismiss the report of the International Atomic Energy Agency's study into the impact of the Chernobyl nuclear accident on human health, Simon Roberts (Letters, May 23) neglects a few key points.

First, the report carefully states that it deals only with the health of those people living in the so-called controlled zones affected by radiation from the accident. It does not purport to draw conclusions about workers involved in the clean-up at and around the plant, or those who were evacuated immediately following the accident. This was clearly stated in the report and even Mr Roberts' "brief analysis" might have been expected to unearth this simple point. In fact, it is worth mentioning that figures were given at the IAEA conference in Vienna last week by Soviet delegates which appear entirely to refute the allegations of large numbers of radiation-related deaths having occurred among the workers involved in the clean-up operations.

Second, it is quite true that most radiation-related health effects would not yet be expected to show up because of the long latency periods between exposure to radiation and the development of clinical symptoms.

This has not, however, been quite so widely understood by those who have published unscientific, anecdotal reports of large numbers of radiation-related diseases occurring among those living close to Chernobyl. It is somewhat disingenuous to suggest that the IAEA should not look at these matters when such strong (and false) allegations have already been made.

It does not reflect well on Friends of the Earth to attack in such an ill-founded way a major scientific study carried out by a large number of independent radiation specialists and medical experts from many countries. It would probably be too much to expect that Friends of the Earth could bring themselves to welcome the report, but perhaps a more dignified silence would befit an organisation which has previously shown respect for scientific integrity.

R H Taylor,
Head of health and safety strategy,
Nuclear Electric,
Bedminster Down,
Bridgwater Road,
Bristol, Avon

FINANCIAL TIMES
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Bush and Gorbachev closer to summit talks

By Peter Riddell, US Editor, in Washington

US differences with Moscow over the treaty reducing conventional forces in Europe (CFE), which have been holding up a US-Soviet summit, are now "very narrow", President George Bush said yesterday.

Foreign ministers from the two countries will meet in Lisbon this weekend in an attempt to resolve the remaining problems.

Mr Bush had what was termed "a very good conversation" by telephone with Mr Gorbachev on the issue late on Monday.

The US president said he wanted to go to Moscow for the summit and was willing to change his planned schedule to do so. The summit would be "sooner rather then later," he said.

Dates of late June or early July have been mentioned in Washington. The summit was originally set for mid-February but was postponed because of the Soviet crackdown in the Baltics and the Gulf war.

Mr Gorbachev is also seeking an invitation to the annual summit of the heads of government of the Group of Seven industrial countries in London in mid-July, over which the US, in contrast with some other G7 members, has been wary. Mr Bush and senior US officials will be holding talks in Washington later this week about new Soviet economic reform plans with a delegation headed by Mr Yevgeny Primakov, a close adviser to Mr Gorbachev.

The White House said yesterday that Mr James Baker, the US secretary of state, and Mr Alexander Bessmertnykh, the Soviet foreign minister, would discuss the CFE issue at a meeting in Lisbon on Saturday where they will be attending the ceremonies marking the end of the Angolan civil war.

According to the White House, Mr Gorbachev told Mr Bush in their telephone conversation that he was optimistic that the CFE problems could be settled soon. The CFE treaty was signed last November but the US argues that the Soviet Union has been trying to circumvent the agreement by reclassifying some ground units as naval forces, which are outside the treaty.

Mr Bush said that if the Soviets moved a little bit on CFE, there could be an agreement and then the two countries could move quickly to close discussions on a separate treaty to reduce their strategic nuclear arsenals (Start).

Leyla Boulton in Moscow writes: Mr Vitaly Ignatenko, President Gorbachev's spokesman, said Mr Bush and Mr Gorbachev had agreed in their phone call that the summit would definitely go ahead, but he gave no date. He said they did not talk about the G7 issue in conversation.

Meanwhile Mrs Margaret Thatcher, the former British prime minister, said during a visit to Moscow that she believed President Gorbachev should be invited to the G7 summit.

US keeps up pressure for Soviet reforms

Washington is still involved in developing Moscow's economy, writes **Peter Riddell**

NOT FOR the first time President Mikhail Gorbachev has put President George Bush and other western leaders on the spot.

Mr Gorbachev is publicly asking to be invited to the Group of Seven heads of government summit in London in mid-July and the Soviet government is pursuing a twin official/unofficial appeal for economic assistance. If these calls were rejected outright it would look like a brush off, and the west unresponsive to Soviet reform hopes.

But Mr Bush does not want to give unqualified backing for a vague commitment to long-promised, and never delivered, economic changes, not least because of rumbling from American conservatives that he is too friendly towards Mr Gorbachev. In short, the US risks seeming negative when Mr Bush wants to sound positive.

The Bush administration's policy towards Moscow has undergone several phases – an initial wariness, warmer relations from September 1989 to June last year, then a cooler period until the end of the winter as Mr Gorbachev moved away from the reformers, the violent crackdown in the Baltics occurred and arms control talks ran into problems.

Yet even in the most strained period Mr Bush never criticised Mr Gorbachev personally. While US contacts with the republics and internal groups have broadened, the US still believes that Mr Gorbachev is the best hope for reform and that its interests are not served by the disintegration of the Soviet Union.


James Baker: independence formula


Eduard Shevardnadze: influenced thinking

US policy has shifted again to closer relations with Moscow. This is largely in response to the agreement last month between Mr Gorbachev and nine of the republic leaders, and his bridge-building with Mr Boris Yeltsin, the Russian president. US thinking was particularly influenced by the visit to Washington at the start of this month by Mr Eduard Shevardnadze, the former Soviet foreign minister.

There are, of course, problems, notably arms control on which the timing of the postponed bilateral summit in Moscow depends. Mr Bush was, however, more optimistic yesterday about progress in resolving the remaining problems on implementation of the treaty reducing conventional forces in Europe.

The Baltics remain a worry. Mr James Baker, the US secretary of state, recently told the Baltic states' leaders that the US favoured an independence formula which allowed Moscow to save face.

The central difficulty is the rapid deterioration of the Soviet economy. Mr Baker said last week that "even with the tentative steps towards political accommodation, Soviet economic reform has a long, long way to go".

"We and almost everyone else are convinced that prime minister (Valentin) Pavlov's anti-crisis programme will not work. We believe the Soviet leadership urgently needs to embrace fundamental market economic reform."

US officials have been closely involved in discussions about new Soviet plans. Mr Robert Zoellick, a key state department architect of Soviet policy and the US administration's top sherpa involved in preparing for the London summit, last week met Mr Grigory Yavlinsky. He is a main author of the plan known as "The Grand Bargain" along with Harvard professors such as Mr Robert Blackwill, who was until last year the senior Soviet and European adviser on the National Security Council staff.

This week an official Soviet team is in Washington headed by Mr Yevgeny Primakov, a close adviser to Mr Gorbachev. He saw the heads of the International Monetary Fund and World Bank yesterday and will see Mr Bush later in the week.

Mr Bush said recently that he wants to help "genuine reform" and does not want to "pull the rug out" from under the Soviet leader.

The western response may include:

● An invitation to Mr Gorbachev to attend a special session of the G7 summit separate from the main meeting, in which he would not participate. This compromise – now being floated, though not agreed – is aimed at preventing the Soviet leader from dominating the summit.

● A joint G7 declaration stating that reforms must depend on the introduction of basic property and contract rights as well as a macro-economic stabilisation plan, tying any western assistance to a specific agreement by Mr Gorbachev.

● Technical assistance and advice, mainly led by the IMF and World Bank, of which the Soviet Union would become an associate member. It would also become an observer member of the General Agreement on Tariffs and Trade.

● Direct financial help would be limited, partly because of a shortage of resources in most G7 countries, as well as an unwillingness to provide unconditional credits.

● The US itself will provide technical assistance on food distribution (possibly linked to partial or total granting of $1.5bn in farm export credit guarantees) and on improving oil prodoction. The administration may also propose granting the Soviet Union most favoured nation trade status after the passage of a law liberalising emigration from the country.

All this would be presented as a means of the Soviet Union helping itself and of reinforcing political change. Mr Bush wants to be seen as encouraging reform without signing a blank cheque.

Opec countries ready to boost oil output to 23m barrels a day

By Deborah Hargreaves in Isfahan, Iran

OIL MINISTERS are expected to agree a slight increase in oil production at next week's meeting of the Organisation of Petroleum Exporting Countries (Opec) in Vienna.

Ministers could raise the organisation's production ceiling from 22.3m barrels a day (b/d) to as high as between 22.8m and 23m (b/d) in the third quarter.

Seven Opec ministers meeting in Iran this week heard estimates for an increase in demand for oil later this year as consumption rises from last year's depressed level.

Uncertainty over the Gulf crisis and high oil prices pushed demand unusually low in the fourth quarter of last year. The call on Opec oil is expected to pick up to 24m b/d this year, even with no improvement in the US and UK economies.

A rise in the output ceiling will give each producer room to sell a little more oil.

Opec members are expected to reach agreement without difficulty on most issues, including pricing, at their meeting on June 4.


Celestino Armas: expected new Opec president

The organisation will probably repeat its commitment to the $21 a barrel target price for oil although the market price is still some way below this level.

The closer relationship between Saudi Arabia and Iran is likely to moderate Opec's price aspirations in the short term. Iran has softened its stance on oil prices and is aiming to boost capacity to secure a larger role within the body. While smaller producers such as Nigeria and Libya are still in favour of a high oil price, their voices have become weaker as Saudi Arabia has asserted itself.

The expected appointment of Mr Celestino Armas, Venezuela's oil minister, as Opec president is a further signal that political agreement will be easier to reach inside the fractious coalition.

Stepping down as president is Mr Sadek Boussena, Algeria's oil minister. He had clashed with other producers, over his desire for bigger cuts in output aimed at forcing prices up more quickly.

While reaching agreement for the third quarter is not expected to be difficult, Opec ministers must still address the return of Kuwait and Iraq to the export market. The US is insisting on keeping the ban on Iraqi oil exports imposed by the United Nations.

N Korea's UN move should ease tensions

By John Ridding in Seoul

NORTH KOREA, one of the world's most isolated states, yesterday announced that it has decided to apply for membership of the United Nations. Its application could coincide with South Korea's move to join the international organisation later this summer.

North Korea's decision marks an important policy shift and should remove one of the principal obstacles to improving relations with its southern neighbour. It will draw the Communist totalitarian bastion into the international arena and should ease tensions across the highly militarised border.

A statement by the North Korea Foreign Ministry said: "We have no alternative but to enter the UN at the present stage as a step to tide over such temporary difficulties created by the South Korean authorities".

The issue of UN membership has been one of the chief obstacles in the way of improving relations between North and South Korea. The two states still confront each other across the truce line drawn at the end of the 1950-53 Korean War.

Seoul has argued in favour of the two states applying separately and simultaneously for UN membership and has previously announced that it would go ahead with its own application to join the international body in the next session of the UN General Assembly, beginning in September.

North Korea's shift in policy reflects its increasing diplomatic isolation, as cold war tensions ease in the Far East. China , which fought on its side during war with South Korea, has indicated that it is no longer prepared to veto an application on by Seoul for UN membership.

South Korean officials immediately welcomed the North Korean announcement as a " a positive step" in improving relations with North Korea.

Western diplomats in Seoul, who see no obstacles to both Koreas now joining the UN, also welcomed the news.

Joining real world, Page 4

Newmont in merger talks with American Barrick

Continued from Page 1

gold output at prices well above prevailing market levels. In the first three months of this year, Barrick realised an average bullion price of $428 an ounce, compared to the market price of little more than $370. Newmont, by contrast, is one of the few North American producers to have spurned forward sales.

The key to any link between Barrick and Newmont Gold is their extensive interests in the Carlin Trend in northern Nevada, which is one of the richest gold seams in the world outside South Africa.

Barrick's Goldstrike mine, near the north-west corner of the seam, is already being developed into the biggest gold producer in North America. It produced 353,000 ounces of gold last year, and is expected to reach 950,000 ounces in 1992. Barrick's reserves at Goldstrike total 17.9m ounces.

Newmont operates along a 38-mile stretch of the Carlin deposit, and has access to reserves of 18.9m ounces in three main mining areas. But it has made no move so far to develop the Deep Post deposit which straddles its own and the Barrick properties.

Barrick already uses the Newmont property for access to parts of Goldstrike, and supplies ore to Newmont on a contract basis. Barrick is due to mine 10m tons of ore for Newmont this year at a saving which the latter has estimated at $9m.

Barrick was a struggling oil and gas producer which bought its first gold property towards the end of 1983. It now owns four mines, two each in the US and Canada, and has interests in two other small producers.

Mr Peter Munk, chairman and an Hungarian-born entrepreneur who emigrated to Canada in the 1950s, has long harboured bigger ambitions. Barrick bought a 4.9 per cent stake in Consolidated Gold Fields in autumn 1986. It sold the stake six months later after the British government launched an inquiry into Consgold share dealings.

Over the past three years, Newmont has become a pure gold company. Last year, it sold its 54.9 per cent interest in Peabody, the US coal producer, to Hanson for US$715m, in what was termed "the final major step" of its restructuring programme. The money from non-gold asset sales was used pay down group's debts, which rose sharply when Newmont successfully fended off unwelcome bid attentions from Mr T. Boone Pickens, the corporate raider, in 1987.

Shares in Newmont Mining were suspended yesterday morning in New York, but American Barrick and Newmont Gold both rose by $¼ to $19⅝ and $16¾ respectively.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	20	68
Algiers	S	22	73
Amsterdam	C	11	52
Athens	S	19	66
Bahrain	S	30	86
Bangkok	C	33	91
Barcelona	F	18	64
Beirut	–	–	–
Belfast	C	15	59
Belgrade	C	19	66
Berlin	F	17	63
Biarritz	S	28	82
Bombay	F	34	93
Bordeaux	S	27	81
Boulogne	C	14	57
Brussels	C	14	57
Budapest	R	13	55
Buenos Aires	R	23	73
Cairo	S	24	75
Cape Town	S	23	73
Caracas	F	31	88
Casablanca	S	22	72
Chicago	S	24	75
Cologne	C	18	64
Copenhagen	S	16	61
Corfu	S	17	63
Dallas	S	24	75
Dublin	C	14	57
Dubrovnik	F	18	66
Edinburgh	S	13	55
Faro	S	21	70
Florence	S	21	70
Frankfurt	F	19	66
Geneva	S	21	70
Gibraltar	S	22	72
Glasgow	F	16	61
Helsinki	F	14	57
Hong Kong	F	33	91
Innsbruck	F	17	63
Inverness	F	13	55
Islamabad	F	35	91
Istanbul	R	12	54
Jakarta	C	30	86
Jersey	C	14	57
Johannesburg	S	16	61
Lima	C	22	72
Lisbon	S	25	77
London	C	12	54
Los Angeles	C	13	55
Luxembourg	F	19	66
Madeira	C	19	66
Madrid	S	23	73
Majorca	S	23	73
Malaga	S	22	72
Malta	S	19	66
Manchester	C	11	52
Manila	F	36	97
Melbourne	C	12	54
Mexico City	–	–	–
Miami	F	27	81
Milan	S	29	84
Montreal	–	–	–
Moscow	S	25	77
Munich	S	17	63
Nairobi	F	25	77
Naples	S	18	64
Nassau	–	–	–
New Delhi	S	38	100
New York	S	24	75
Nice	S	20	68
Nicosia	S	21	70
Oporto	S	24	75
Oslo	S	18	64
Paris	F	19	66
Peking	C	18	64
Prague	C	13	55
Reykjavik	C	11	52
Rhodes	F	20	68
Rio de Janeiro	F	32	90
Rome	S	19	66
Salzburg	F	16	61
San Francisco	C	10	50
Seoul	S	23	73
Singapore	–	–	–
Stockholm	F	15	59
Strasbourg	S	22	72
Sydney	F	18	64
Taipei	F	33	91
Tangier	F	25	77
Tel Aviv	F	22	72
Tenerife	C	19	66
Tokyo	S	19	66
Toronto	S	19	66
Tunis	S	22	72
Valencia	F	23	73
Venice	S	20	68
Vienna	F	16	61
Warsaw	F	16	61
Washington	C	26	79
Zurich	S	21	70

Temperatures at midday yesterday C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

THE LEX COLUMN

The banks take care of the pennies

So much for relationship banking. Given the grand talk from the UK banks a decade ago about fostering small business, there is an irony about their present punishment of little customers to pay for their bigger mistakes. The recent bad press may provide some evidence that in imposing selectively wider interest margins, the banks have marshalled what protection they can against the general bad debts in their UK loan portfolios. Even so, a clearer or two might lose the struggle to break even in the first half.

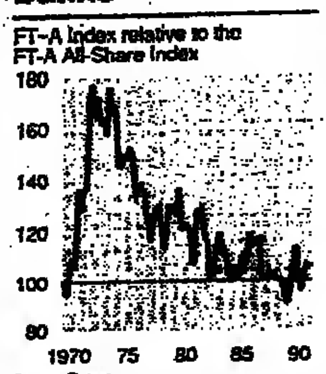
The banks may have been opportunistic and insensitive in their handling of vulnerable clients. It is a different matter to prove they are actually exaggerating the effects of recession. All that can be concluded is that there has apparently been no change in the long-term weakness of competition in UK small business lending. While strong customers are presumably not paying much of a premium, most borrowers have no choice to speak of.

Still, the idea that margins might somehow come under downward pressure if politicians pick up the complaints is a curious one. For the last decade and more, banks' real margins have been falling rapidly, as a result both of inflation and of foolish lending practices prompted by a chronic surplus of capacity. Lending spreads, for example, have fallen by nearly one third since 1986. Whatever the banks get away with against their customers, the long-term under-performance of the sector against the market may last a while yet.

FT-SE Index: 2,479.7 (+8.6)

Banks

FT-A Index relative to the FT-A All-Share Index



Source: Datastream

Newmont/Barrick

The proposed merger of Newmont Mining and American Barrick looks a smart deal for almost everyone involved. American Barrick gets the bits it wanted when first sniffing around Consolidated Goldfields five years ago. The two companies combine neighbouring mines in Nevada and become the world's second biggest gold producer. The merger route avoids future earnings being diluted by the amortisation of goodwill.

Meanwhile, Sir James Goldsmith ends up with a smaller piece of a bigger company. This scarcely involves loss of control, since he had little to start with. But it ought to make his holding more liquid; and if history is a guide, he can look forward to a better return on his money. American Barrick's shares have outperformed Newmont's by 460 per cent in the past five years and by 16 per cent since Sir James acquired his Newmont stake last October.

The chief remaining question about the deal is how the various parties will work together. Operating management aside, the merged company will have to accommodate two large and entrepreneurial shareholders, Sir James and Barrick's Mr Peter Munk. It will be interesting to see whether it is big enough for both.

UK farmland

UK fund managers have been kicking off their green wellies for years. But last week's decision by Guardian Royal Exchange to put its farming subsidiary British Field Products up for sale is notable for its sheer scale. The 22,500 acres includes the single biggest holding of vacant UK farmland to come on the market for 20 years. The £38m guide price implies that purchasers are unlikely to be indulging a reckless passion for the English countryside.

Historically, prices of UK farmland have been dictated by investors whose hearts rule their heads, as well as by individuals with tax problems, and by the whims of the City institutions. There are now signs that the fundamentals of farming are reasserting themselves. Pension funds and insurance companies have roughly halved the size of their agricultural land portfolios since 1986. What interest there has been in recent months appears to have been fuelled by serious farmers seeking to add to their existing land.

Stripping out residential property and other non-agricultural assets, the value of UK farmland has halved in real terms over the last eight years. Contra-cyclical investors will no doubt take note. But if the UK economy can hardly get worse, the tidings from Brussels are unlikely to get better. In the short term the outlook is bound to be clouded by the Uruguay Round and the US-led international effort to cut farm subsidies down to size. Even if the Common Agricultural Policy is allowed to continue its free-spending ways, there is now a growing political bandwaggon to devote a much larger share of resources to smaller, more marginal producers.

Westland

With Mr Michael Heseltine back in the UK Cabinet, the government could do without another row over Westland. That is one reason for optimism that the Ministry of Defence will eventually award the contract for the EH101 anti-submarine helicopter to the IBM-Westland consortium. The existing helicopter business, which yesterday produced a rise in operating profits of just over 50 per cent, is not doing badly. All the same, Westland still badly needs the EH101 or the long-awaited Saudi Black Hawk deal to secure its long term future.

The shares are trading on a historic p/e of 10, which puts them at a substantial premium to other aerospace companies. The gap would grow if the orders were confirmed. That would be a nice opportunity for GKN to offload its 22 per cent stake. British Aerospace as the mooted buyer would have to look snappy if it wanted to pick up a bargain.

Rolls-Royce

If the outlook for Rolls-Royce really were as bad as suggested at its annual meeting yesterday, then the 10 per cent pay cut taken by its chairman, Lord Tombs, would be modest indeed. It may perhaps be suspected that part of the gloom is there to justify the group's massive redundancy programme. Granted, 1991 looks like a tough year with high development spending, defence cuts and the downturn in civil aviation eating into profits. But with its wage bill contained and costs under control, the company should be highly geared to the eventual upturn in air travel. Though this may be some time coming, the shares are now trading on a reasonably attractive yield of 6.5 per cent.

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

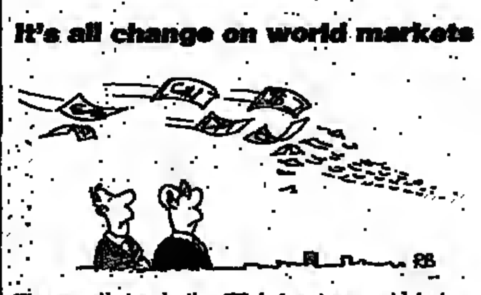
Israeli carrier unveils profit of $14m

El Al, the Israeli state-owned airline, was hard hit by the Gulf war – but not as severely as many as its competitors. The airline yesterday announced net profits of $14.1m, avoiding the losses afflicting many other carriers. Raphael Harlev, El Al president, said cuts in schedules and staff numbers had held the rise in operating costs to 14 per cent. Page 22

Insurance debate heats up

The collapse last month of Executive Life, the US insurance company, has provoked a renewed political and public interest in regulating the industry. Talk of legislation, which would propose some form of federal supervision instead of state regulation, is widespread. Nikki Tait looks at the proposals for change. Page 21

It's all change on world markets



The small rise in the FT-Actuaries world index last week masked some significant changes in the flow of funds. In Europe, foreign investment flew back to the laggard markets of Germany and Italy as London appeared to run out of immediate possibilities. And in the Pacific Basin, Tokyo's lethargy has been relieved by high jinks in Malaysia and a severe attack of nerves in Hong Kong. Bill Cochrane reports. Back Page

Confident words from Bouygues

Bouygues, Europe's largest construction group, is confident of good results this year. Martin Bouygues (left), the chairman, yesterday said he expects turnover to rise by 6 per cent. Although Mr Bouygues thought it was too early to give a group profits forecast, he said that "the prospects for 1991 are satisfying". William Dawkins reports from Paris. Page 20

Itoman in the red

Itoman, the Japanese trading company which ran into financial difficulties investing in property and art, has announced an annual net loss of Y60.4bn ($438m). The company was reporting results for the year to the end of March, during which it suffered losses of Y43.2bn on property deals and Y58.58bn on art purchases. Page 22

Correction: Tokai Bank

The Financial Times yesterday incorrectly reported that Tokai Bank's capital adequacy ratio fell below the 8 per cent level which the Bank for International Settlements plans to bring into force after March 1993. In fact, Tokai's ratio is 8.05 per cent, as stated in a table which also appeared yesterday.

Market Statistics

Companies in this issue

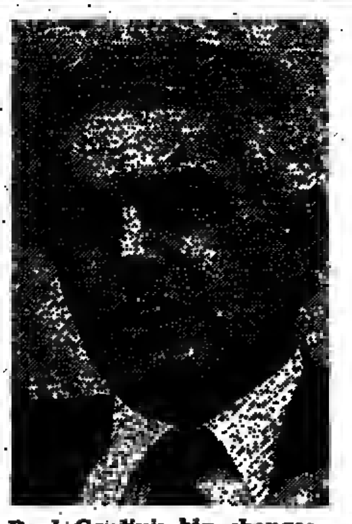
Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
Beiersdorf	749	+	19	Beghin-Say	850	+	18
Douglas Hldg	794	+	6.5	Redoute	3700	+	90
Goldschmidt	734	+	19	Falls			
Falls				Ciments Fr	365	–	21
BMW (Br)	580	–	4	L'Oreal	572	–	14
Deckel (Pr)	137	–	4	Locafrance	481	–	53
Thyssen	220	–	4.5	Radiotech	571	–	18
NEW YORK ($)				TOKYO (Yen)			
Rises				Rises			
Am Barrick	18⅝	+	⅛	Pacific Ind	980	+	86
Conseco	38¾	+	1⅛	Sailor Pen	1720	+	200
LA Gear	10⅝	+	⅛	Falls			
Merrill Corp	17½	+	1½	Mitsui Wharf	1170	–	100
Falls				Nippon Denso	2080	–	170
Apple Comp	45¾	–	⅛	Tokyo Kogyo	1250	–	100
Potlatch	41½	–	4¾	Yokogawa B'Wk	2200	–	230

New York prices as at 12:30.

LONDON (Pence)							
Rises				City Lon PR	40	–	3
Dalys	53	+	7	Cookson	113	–	5
Sales (F.G.)	00	+	10	First Tech	22	–	6
Glaxo	1204	+	41	Indep News	300	–	15
Jacques Vert	206	+	9	LASMO	317	–	6
Madeva	158	+	6	McAlpine (A)	249	–	17
New London	19	+	1½	Ratners	154	–	9
Usher-Walker	366	+	10	Trans World	118	–	5
Falls				Tenti	42	–	4
Attwoods	209	–	19				

Ferfin falls 20% but holds payout



Raul Gardini: big changes before he stepped aside

By Haig Simonian in Milan

FERRUZZI Finanziaria (Ferfin), the holding company for Italy's second-largest private-sector group, suffered a 20 per cent fall in after-tax consolidated earnings, net of minority interests, to L248bn ($195m) last year.

The company attributed the drop in earnings to the non-recurrence of extraordinary factors which had boosted results in both 1989 and 1988 and to difficulties in the chemicals business. Ferfin controls Montedison, the chemicals, agro-industrial and energy group, and shares control of Fondiaria, the insurer.

"Last year's level starts to establish a repeatable base for profits," said one executive yesterday. "It should form a repeatable base for future years."

Ferfin is paying an unchanged dividend of L45 per ordinary share and L75 for savings shares. It is also extending the equity buy-back programme which it announced last year.

The new programme, which will run to end-December 1992, will raise the previous L150bn scheme to L200bn. Some L100bn of the initial L150bn has so far been disbursed.

Although Ferfin made no profits forecasts for the current year, it said gross operating earnings had increased by about 14 per cent in the first quarter compared with the same period last year.

The signs are that the company expects that level to be maintained throughout 1991.

Consolidated group sales rose marginally from L16,520bn in 1989 to L16,739. Gross operating profits fell from L1,974bn to L1,765bn.

Last year brought marked changes in the companies controlled by Ferfin, then still chaired by Mr Raul Gardini before he passed the mantle to his son, Ivan. Montedison merged with Ferruzzi Agricola Finanziaria and sold its 40 per cent stake in the Enimont public-private chemicals joint venture.

Selling the Enimont stake, which raised L2,805bn before tax and other factors, contributed to the sharp fall in Ferfin's net group debt last year from L8,077bn in 1989 to L6,665bn.

The fall comes despite investments of L1,824bn and the acquisition of the minority interests in Himont, Montedison's US chemicals subsidiary, for about L700bn.

The reduction in borrowing, which has taken the debt-equity ratio down to 0.76 from 0.87 last year and 1.10 in 1988, has triggered speculation about possible acquisitions.

However, the company said it remained committed to its L7,000bn investment plan announced earlier this year.

● Mondadori, the Italian publishing group which is to be split between Mr Carlo De Benedetti and Mr Silvio Berlusconi, reported its last set of accounts before the division.

Net earnings totalled L55.2bn against L53.9bn in 1989. However, the group made a net capital gain of L53.8bn from the sale of its paper-making activities.

Sales fell marginally from L2,367bn in 1989 to L2,328bn. The company is limiting its dividend to L120 per savings share.

ICL likely to reveal Nokia Data deal

By Alan Cane

INTERNATIONAL Computers (ICL), the UK-based computer manufacturer 80 per cent owned by Fujitsu of Japan, is expected to announce today that it will buy Nokia Data, computer systems division of Finland's largest public company.

The announcement is certain to cause further upset in the worldwide computer industry, which is already suffering the effects of intense price competition, falling costs of technology and recession in the US and UK.

Even the larger European-owned computer makers may not be big enough to survive in the emerging fiercely competitive marketplace. For instance, Siemens Nixdorf of Germany and Groupe Bull of France are both losing money. Nokia Data is Europe's sixth largest computer supplier.

The deal will also raise further questions about the intentions of the Japanese computer manufacturers. They have emerged in recent years as the only substantial challengers to the world's largest computer manufacturer, International Business Machines.

Fujitsu is known to be intent on building a global family of inter-related computer companies.

In addition to its majority stake in ICL, it holds a minority stake in Amdahl, a leading US mainframe computer manufacturer. Yesterday it refused to comment on rumours in Tokyo that Nokia intended to buy into ICL, consequently diluting the Japanese holding.

Details of whether the acquisition will be a simple purchase or a merger between the two companies are expected to emerge today.

Neither ICL nor Nokia were prepared to confirm or deny the takeover, saying only that discussions between competitors and potential allies took place continually.

It is significant, however, that an agreement between Nokia Data and Groupe Bull, which would have led to a marketing collaboration in the Scandinavian countries, was abandoned two weeks ago without explanation.

ICL is Europe's most consistently profitable large computer maker. Last week, it announced pre-tax profits of £110m on sales of £1.61bn.

Nokia Data, in spite of Finnish ownership, is based in Stockholm, Sweden, a legacy of former existences as DataSaab and Ericsson Data Systems.

The group assembles as distinct from manufacturing about 160,000 computer terminals and personal computers. Sales amounted to about $1.3bn last year.

The company lost money in 1990; the only one of Nokia Group's six business divisions to show a negative return on net assets.

Mr Vittorio Levi, Nokia Data's chief, attributed the loss to the soft local market. "Our problems in 1990 and 1991 are not because of the crisis in the industry but because of the recession in the Scandinavian markets," he said.

Europe extends the fuse leading to Big Bang

By Richard Waters

Europe's Big Bang has been delayed until further notice.

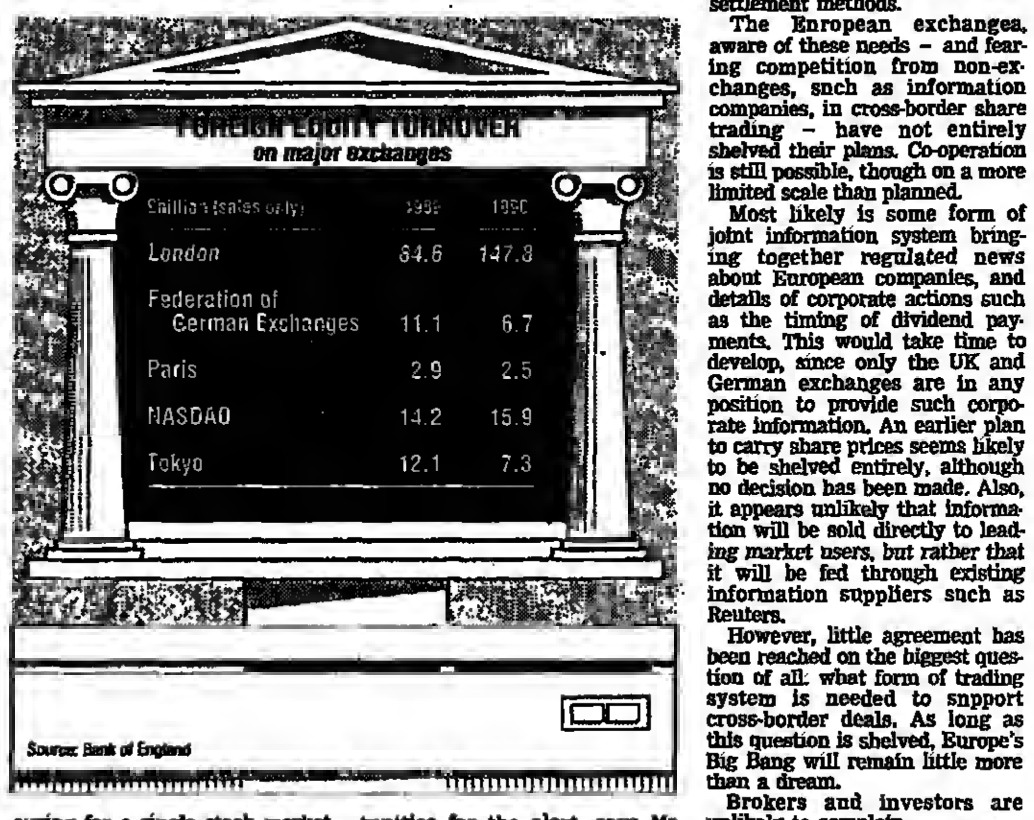
By popular demand, the EC's 12 national stock exchanges have gone back to the drawing board with a scheme for a common share-trading system. The programme would have brought together Europe's biggest financial intermediaries in competition for trade in the largest European stocks.

That will be a relief for those commercial and investment banks, many of them from European countries, still reeling from the devastating effects of London's own Big Bang five years ago. But change, though delayed, still seems inevitable.

The Federation of Stock Exchanges in the EC has been pondering moves towards a single, European-wide equities market for two years. At a meeting in Athens at the end of last week, the exchanges shelved that initiative when they called for more work to be done on developing a business case for the idea. In the diplomatic jargon of the Federation, that means the project has been suspended until further notice.

The need for action remains, however. Take Legal & General, the UK insurance company, which has £7bn ($12bn) invested in UK equities, compared to £600m in continental European shares. Before the decade is out, says Mr Mike Payne, senior director of investment strategy, the weighting in favour of UK shares is likely to disappear as moves towards monetary union force the company to view the whole of the EC as its domestic market.

The typical pension fund managed by Legal & General has 60 per cent of its assets in UK shares and seven per cent in other European stocks. A shift in this mix creates a challenge for UK companies. Despite the transfer of UK institutional assets to continental Europe, there is little prospect of a compensating flow of funds to the UK (the development of funded pension schemes still has a long way to go in most continental countries).



Source: Bank of England

Not that all investors are clamouring for a single stock market on which to trade all leading EC companies. The fragmentary nature of Europe's stock markets plays into the hands of experienced institutional investors who know where to get the best deal. The inefficiencies in information flow and in dealing and settlement arrangements create opportunities for the alert, says Mr Patrick Gifford, a director of London-based Robert Fleming Asset Management. Robert Fleming has £1.5bn invested in continental European stocks.

A second reason for action from the national bourses is the international development of Europe's largest companies during the 1980s. If 50 per cent of UK companies' profits are being earned overseas, it is anachronistic to talk in terms of a UK domestic market, says Mr Payne.

The third spur to action is the time-consuming and expensive process of settling cross-border share bargains. Investors and brokers who deal in overseas shares find themselves juggling with assorted settlement periods. They must also deal with the complexity of managing foreign exchange accounts and manual settlement methods.

The European exchanges, aware of these needs – and fearing competition from non-exchanges, such as information companies, in cross-border share trading – have not entirely shelved their plans. Co-operation is still possible, though on a more limited scale than planned.

Most likely is some form of joint information system bringing together regulated news about European companies, and details of corporate actions such as the timing of dividend payments. This would take time to develop, since only the UK and German exchanges are in any position to provide such corporate information. An earlier plan to carry share prices seems likely to be shelved entirely, although no decision has been made. Also, it appears unlikely that information will be sold directly to leading market users, but rather that it will be fed through existing information suppliers such as Reuters.

However, little agreement has been reached on the biggest question of all: what form of trading system is needed to support cross-border deals. As long as this question is shelved, Europe's Big Bang will remain little more than a dream.

Brokers and investors are unlikely to complain.

"With one European market, everyone and his dog would want to get involved," says Mr Payne. "It would become more over-broked than London. Superficially, that may sound good for investors – but if it leads to more volatility in the markets, it wouldn't be welcome."

Japanese carriers blame profits slide on Gulf war

By Neil Weinberg in Tokyo

THE GULF crisis took a heavy toll on the profits of Japan's two leading air carriers, Japan Airlines and All Nippon Airways, which both reported lower international passenger load levels and profits in the year to end-March.

JAL, the nation's largest international carrier, said pre-tax profits tumbled 49 per cent to Y25.9bn ($187.3m) and after-tax profits 17.3 per cent to Y13.7bn, in spite of a 5.5 per cent rise in operating revenues to Y1,118bn.

The company reported a 3.5 per cent fall in international passengers, and a 6.3 per cent fall in total distance flown by passengers. Domestic traffic increased 6.6 per cent.

Fuel costs surged 30.2 per cent because of the Gulf crisis and led to an overall 10.7 per cent rise in operating expenses. The airline announced its per-share dividend will remain unchanged at Y5.0.

JAL expects revenues to increase 6.8 per cent this year to Y1,194bn. Pre-tax profits are seen rising 27.3 per cent to Y33bn and after-tax profits 10 per cent to Y15bn.

International passenger traffic has been slow to recover since the end of the Gulf war, partly because Japanese tourists typically plan vacations months ahead, the carrier said. Demand is therefore not expected to recover fully from the effects of the war until July.

ANA, the leading domestic carrier, suffered a 19.4 per cent decline in pre-tax profits to Y25.4bn and a 28.8 per cent fall in after-tax profits to Y10.7bn. Operating revenues for the year were up 9.1 per cent to Y733bn.

ANA, with a rapidly expanding overseas network, boosted its international passengers by 17.2 per cent to 1.2m, but its passenger load factor still dropped 4 percentage points to 68.4 per cent.

The airline said higher fuel costs and Japanese interest rates were behind the profit decline. Pre-tax profits for the year to end-March 1992 are expected to rise 10.5 per cent to Y28bn and after-tax profits to increase 5 per cent to Y11bn on an 8.7 per cent gain in sales to Y797bn.

Japanese company results, Page 22

ICI warned of EC authority

By Our Financial Staff

IMPERIAL CHEMICALS Industries has been warned by the government that any bid by Hanson, the acquisitive UK conglomerate, would almost certainly be handled by the European Commission's competition authority in Brussels rather than by the British Monopolies and Mergers Commission.

The message was delivered to Sir Denys Henderson, ICI's chairman, at a meeting last week with Mr Peter Lilley, the trade and industry secretary.

Lord Hanson, chairman of the Hanson group, and Sir Denys met Mr Lilley last week to discuss the situation following Hanson's purchase of a 2.8 per cent stake in the chemicals combine, which is Britain's largest manufacturer.

The meetings at the DTI's office near Westminster indicate that both companies believe political reaction will be a vital factor in determining whether or not Hanson goes ahead with a takeover attempt for ICI.

Lord Hanson met Mr Lilley last week after Sir Denys had discussions with the trade and industry secretary last Wednesday.

In his meeting, Sir Denys urged the government to insist that a Hanson bid should be vetted by the UK authorities on the grounds that the company's future is of strategic importance for British industry. Hanson, meanwhile, seems content that a bid should be handled by Brussels. Officials in the EC mergers task force believe a bid would naturally fall within their remit.

ICI executives yesterday met their financial and public relations advisers to develop a twin-track strategy to ward off a Hanson bid and to restructure ICI's business.

Although the two approaches will run in parallel, ICI wants to avoid creating the impression that its strategy is being driven by the threat from Hanson.

One of the most difficult questions facing ICI executives is to decide how much time to devote to trying to ward off Hanson without detracting from the pressing task of running and restructuring a business that is still struggling against the recession.

Hanson's advisers claim it is getting a positive response from its soundings among institutional investors about its approach to ICI. They also believe that arbitrageurs now hold a small but significant number of ICI shares.

In a separate development, it seems unlikely that the Takeover Panel will ask Hanson to clarify its intentions towards ICI after weekend press speculation.

The panel believes that Lord Hanson's comment, in a Financial Times interview, that he did not want to go into any big hostile takeovers in the UK or the US, does not amount to ruling out such a move.

Hillsdown sells edible oils arm of Canada Packers

By Maggie Urry in London

CANADA PACKERS, the Toronto-based food processing subsidiary of Hillsdown Holdings, the UK food group, is selling its edible oils division for C$105m (US$181.7m).

The business was pot on the market last November, after Hillsdown increased its stake in Canada Packers to 56 per cent in July last year. Hillsdown said it was happy with the price achieved.

The purchaser is a joint venture formed between Central Soya of Canada, a company within the empire of Ferruzzi, the Italian group, and CSP Foods, a large oilseed crusher and refiner based in western Canada.

Mr Harry Solomon, chairman of Hillsdown, said that although the edible oils business was profitable it was not a core activity of the company. It had sales of C$250m in the year to end March 1990.

Hillsdown took on C$300m of debt when it bought its stake in Canada Packers, and incorporated its Canadian subsidiary Maple Leaf Mills into the business.

Hillsdown said st the time that it would repay the extra debt within s year of the acquisition. So far C$175m has been raised through disposals, and Hillsdown said that substantial cuts in working capital had also been achieved.

Canada Packers is the largest food processing group in Cansda and is shortly to change its name to Maple Leaf Foods.

Since Hillsdown took control of the company, it has been shaking up the business, although Hillsdown said yesterday that the initial programme of restructuring had now been completed. Hillsdown's plan is to develop Canada Packers as a branded foods group.

It has closed two meat plants and plans to either sell or close two others. It sold its peanut butter and dairy products divisions and bought a pork company to add to its own business.

Two weeks ago a proposed merger of Canada Packers' flour and bakery business with John Labatt, another Canadian food processing group, was called off because of conditions required by competition authorities.

Last week Canada Packers reported a trebling of net earnings in the first quarter of 1991 to C$10m or 10 cents a share, against C$3.1m a year earlier.

Swedish bank advances 13%

By John Burton in Stockholm

SVENKSA Hsndelsbenken, Sweden's most profitable commercial bank last year, has reported a 13 per cent rise in operating profits to SKr1.7bn ($277m) for the first four montbs of 1991, desplte growing credit losses.

Credit losses during the period amounted to SKr378m, an increase of 82 per cent bssed on en equalisation comparison thst spresds last yesr's credit losses of SKr623m evenly over the three reporting periods for the year. Credit losses amounted to 0.43 per cent of total lending volume.

Interest income climbed 19 per cent to SKr2.85bn, reflecting increased borrowing due to lower interest rates. Operating costs increased by 19 per cent to SKr1.7bn, against 20 per cent growth in income to SKr3.8bn.

The bank said, however, that operating costs rose 13 per cent once the effects of the January 1990 bank strike, which depressed costs, were discounted. Profitability declined to 20.9 per cent from last year's 22.1 per cent. The income-cost ratio fell slightly from SKr1.91 to SKr1.81.

Handelsbanken, the country's third largest bank group, said it would try to improve profitability by increasing co-ordination with its finance compsny subsidiary, Svenska Finans, to eliminate overlapping. It will also close one of its eight regional bank offices.

Nordbanken up strongly to SKr471m

By John Burton

NORDBANKEN, Sweden's second largest commercial bank group, yesterday reported that operating profits climbed by 59 per cent to SKr471m ($76.8m) during the first four months of this year.

The improvement reflected epparent progress in stemming the credit losses that made Nordbanken the worst performer among the main Swedish banks last year.

However, it warned that its credit losses and provisions could resch SKr3.6bn in 1991 egainst SKr4.2bn last year because of weaknesses in the finance and property markets.

Credit losses during the period fell by 15 per cent to SKr1.2bn. Nordbanken made the comparison by averaging both the 1990 and estimated 1991 credit losses over the three reporting periods for the year.

Profitability increased to 6.7 per cent from 4.2 per cent a year ago. The rise in operating costs by 14 per cent to SKr1.5bn outpaced the 6 per cent growth in income to SKr4bn.

Nordbanken confirmed that it was cutting 500 jobs to reduce personnel costs, which grew by 3 per cent in the period once the effects of the January 1990 bank strike were discounted.

Kaufhof considers flotation of subsidiary

By Andrew Fisher in Frankfurt

KAUFHOF, the German department store and specialised retail group, said profits rose by more than 20 per cent in the first four months of 1991. The group indicated it may float off part of one of its subsidiaries on the stock market.

Although Kaufhof gave no details of the flotation, chief executive, Mr Jens Odewald, indicated that suitable candidates could include its Media-Markt home electronics unit; Vobis, a computer retailing subsidiary; or Reno, a mail order shoe sales business.

In February, 1990, 25 per cent of the group's low-price Kaufhalle store chain was sold to the public to raise DM230m.

Kaufhof said turnover rose 23 per cent to DM5.3bn ($3.1bn) in the first four months of this year; 11.5 per cent was achieved in west Germany.

In east Germany, where the group has been gradually building up its activities, sales were DM504m.

Mr Odewald said investments would reach a new record of DM550m in 1991 as a result of expansion in east Germany.

The company has already announced net profits of DM120m for 1990, up by 12 per cent, and a dividend rise of DM2 to DM10.5. Turnover was 15 per cent higher at DM14.7bn, with DM17.5bn the target for 1992.

● Kaufhof has launched a Dm500m commercial paper programme, Reuter adds from Cologne.

The company said the programme extended its financing possibilities and provided a solid basis for its expansion plans over the next years.

The issue enables Kaufhof to issue short-term paper with maturities of between seven days and two years minus one day.

Lead manager is Deutsche Bank AG, with Commerzbank AG, Dresdner Bank AG, Westdeutsche Landesbank Girozentrals and Service Bank GmbH von 1954 as members of the consortium.

Westland warns as profits fall

By Paul Abrahams in London

WESTLAND Group said yesterday that the need for the British government to place orders for the EH101 helicopter programme – which could be worth £1bn ($1.73bn) – before the end of the year had become critical.

The company warned that it could not exploit the aircraft's export and civilian potential without the project.

Westland's warning came as the group announced a 19 per cent fall in pre-tax profits from £11.5m to £9.4m for the six months to March. The results included an exceptional charge of £3.4m for restructuring its technologies subsidiary which specialises in defence and engineering systems.

Mr Alan Jones, Westland chief executive, said the Ministry of Defence had so far kept to its procurement schedule. A decision about whether an IBM-Westland consortium or a British Aerospace-GEC grouping should be made prime contractors for the integration of the helicopter's systems is due in July. An announcement for the EH101's production contract is expected by December.

Analysts point out that a delay in launching production would not be unlikely as the ministry presently appears paralysed, caught between Treasury demands and changing defence requirements.

Westland said it hoped the production order would consist of 50 aircraft for the Royal Navy and 36 for the Italian navy. It expects the initial contract will be worth as much as £1bn, of which at least £800m would come to the company even if its consortium loses the system integration contract. The project is a joint venture with Augusta, the Italian manufacturer.

The fall in profits was in spite of an increase in turnover from £184.9m to £241.4m. Sales of helicopters and support grew from £127.7m to £165.8m. Earnings per share increased by 13 per cent to 6.1p from 5.4p. The dividend was maintained at 1.25p per share.

The results had been achieved in difficult trading conditions, Mr Jones said. He said that productivity had improved throughout the group, and that the technologies subsidiary was now operating with a reduced cost base.

The Gulf conflict had had no effect on profits, said Mr Jones.

The governments of both Saudi Arabia and the United Arab Emirates had postponed decisions to acquire Black Hawk helicopters.

Westland also announced it had won a contract worth as much as $200m to supply General Motors-Allison with engine nacelles for the Saab 2000 regional airliner.

The company's shares were unchanged yesterday at 122p.

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French in electrical goods move

By William Dawkins in Paris

THOMSON Electroménager, the household appliances division of Thomson, the French state-owned electronics group, and De Dietrich, one of France's last independent homs appliances producers, are to form a joint venture.

They are to pool the development and marketing of electric ovens and hobs in a new company, De Dietrich Européene d'Electroménager.

This will join a technology development partnerehip, Temfa, formed last September between Thomson and Fagor, the Spanish white goods producer. De Dietrich Européene d'Electroménager and Fagor will have a combined turnover of FFr8.4bn ($1.44bn) on 1990 figures, making it the fourth largest European home appliance grouping, with nearly 12 per cent of the market.

The French joint venture will be 51 per cent held by De Dietrich and 49 per cent by Thomson Electroménager. They will pool development, marketing and procurement of raw materials and components, but keep the manufacture and identity of their brands strictly separate.

De Dietrich, a family controlled electrical engineering company based in Alsace, recordsd a turnover of FFr947m in high quality household equipment last year, 27 per cent of its total FFr3.46bn sales. Thomson Electroménager last year recorded sales of FFr5bn. It holds 30 per cent of the French market through brands such as Brandt, Vedette, Sautter and Thermor.

The deal puts an end to speculation over a possible sale of Thomson Electroménager, on which the company has so far denied comment.

"This new association confirms the strategy of the Thomson group of conserving home appliances in its portfolio of activities and accelerating its development through a policy of alliances," said the group.

Bouygues forecasts 6% rise in turnover

BOUYGUES, Europe's largest construction group, expects turnover to rise by 6 per cent this year to FFr60bn ($10.3m), against FFr56.7bn in 1990, writes William Dawkins.

Mr Martin Bouygues, chairman, said it was too early to give a group profits forecast, but that "the prospects for 1991 are satisfying".

He said the group would concentrate on improving margins and internal growth this year. There would be a pause in acquisitions to leave management free to concentrate on integrating new arrivals, such as Losinger, the Swiss construction group, and Moulin de Geel, the Belgian flour miller.

Mr Bouygues expected earnings to rise this year in construction and property development. He aleo sees improvement in the group's diversification activities, which include Saur, France'e third largest water distribution company; a 25 per cent stake in TF1, the country's leading television channel; and Les Grands Moulins de Paris, the land-rich flour milling group.

However, profits are expected to fall in road-building, where Bouygues is France's largest operator through Screg, Colas and Sacer.

Mr Bouygues expects the group to receive FFr22.1bn of construction orders this year, up from FFr19.9bn. Hs said although French orders were declining because of influencedby the economic slowdown and the squeeze on the government spending, though international orders were growing strongly, especially in the rest of continental Europe, Asia and the Pacific.

Turnover in the division was expected to rise 14 per cent to FFr21.1bn – 35 per cent of the total. The estimate includes FFr2.2bn from Switzerland, reflecting the first full contribution from Losinger, which Bouygues bought last June.

New chief for Groupe Bull arm

By Alan Cane

GROUPE Bull of France, the loss-making computer manufacturer, yesterday appointed Mr Axel Leblois as president and chief executive of Bull HN, the company'e international arm with headquarters in the US.

Bull HN has been responsible for marketing the group's products in the US, the Far East and the Pacific Rim.

Mr Leblois was formerly chief executive of the International Data Group, one of the world's largest information technology services companies.

He replaces Mr Roland Pampel, who had overseen the integration of Bull HN, in which NEC of Japan has a 15 per cent stake, into the worldwide Bull group. Bull said that Mr Pampel had decided not to accept a Paris assignment with the company for personal reasons.

Groupe Bull, which lost about FFr6bn ($1.03bn) last year, is undergoing restructuring, one effect of which will be to translate NEC's shareholding in Bull HN into a stake in the main company.

Mr Leblois said his principal responsibilities would be to maintain continuity with the company's large US customers and to ensure its US manufacturing plants were used effectively within the worldwide group.

Portugal's Fonsecas & Burnay bank to be privatised in July

By Patrick Blum in Lisbon

BANCO Fonsecas & Burnay (BFB), a medium-sized Portuguese bank nationalised in 1975, will be privatised to July by competitive auction.

The bank's sale is expected to raise about Es44bn ($300m), but in a departure from previous privatisations only a little over a third of the revenue, about Es16bn, will go to the government. The reminder will finance the bank'a five-year restructuring programme, which will cost Es20bn and raise its capital base by Es8bn.

Mr Pedro Rebelo de Sousa, BFB's president, said that an auction, rather than a share offer on the stock exchange which have been made with other financial institutions privatisations, "will allow greater transparency to the process and help to ensure the creation of a stable nucleus of shareholders". Several Portuguese and international groups have already declared an interest in buying the bank.

Most Portuguese state-owned banks are under-capitalised and have inadequate provisions for pensions and bad credits. BFB has a short-fall in pension provisions of around Es35bn, and is having to raise these and other provisions to meet European Community requirements.

The privatisation will be split in two stages. In the first stage, whose results will be announced in mid-July, an indivisible block of 16.4m shares representing 30 per cent of the bank's share capital will be sold through a bid auction at a starting price of Es2,200 per share.

The new majority shareholder must retain at least 66 per cent of the shares for a minimum of three years and 51 per cent of the shares for five years.

Foreign investors can buy up to 29 per cent of the shareholding in the first stage and another 6 per cent in the second stage, bringing the total authorised foreign shareholding in the bank to 35 per cent.

● The privatisation of Alianca Seguradora, an insurance company 49 per cent privatised in October 1989, will be completed today with the sale of the state's remaining 51 per cent. A Franco-Portuguese group led by Union des Assurances de Paris, which already holds over 30 per cent of the company, is expected to win majority control.

● Friends Provident of the UK and Avero Centraal Beheer of the Netherlands, two leading insurance groups, have taken a 1.5 per cent stake each in Banco Comercial Portugues (BCP), Portugal's foremost private bank.

Mr Jorge Jardim Goncalves, BCP president, said the moves mark the end of the first phase of the bank's internationalisation, under which BCP established a 1.5 per cent cross holdings with Banco Popular Español of Spain and with Cariplo, Italy's state-owned savings bank.

The new British and Dutch partners will also have shareholdings in Ocidental Holding, Ocidental Vida and Ocidental Seguros, the BCP group insurance companies, and in BCP Investimentos, the gronp's fund management company.

Zenith Electronics alters its takeover defences

By Barbara Durr in Chicago

ZENITH Electronics Corporation has eased its poison pill plan to ward off potential hostile takeovers. The company has increased the "trigger" for exercising shareholders' rights to buy shares at half price to 25 per cent from 15 per cent.

Under the new plan, if a hostile bidder acquires or initiates a tender offer that would result in owning 25 per cent of the company, shareholders can purchase $75 worth of either Zenith's or the new company's shares for $37.50.

The move comes after the management'a sneccessful proxy contest last month against Nycor, the holding company controlled by the Giordano family of New Jersey and Zenith's largest single shareholder.

Nycor said, however, it intended to continue pursue board aeats at Zenith and would consider making a bid for the company if the poison pill were removed.

Mr Jerry Pearlman, Zenith's chairman and president, said yesterday that institutional shareholders had pressed the company to alter the poison pill plan.

He said they felt that the low 15 per cent trigger was inconsistent with the company's stated position of being "open to considering a wide range of alternatives that might benefit all stockholders".

The company also revealed yesterday that its licensing and technology deal with Goldstar, the Korean electronics manufacturer, has won Korean government approval and that this has allowed completion of the $15m share acquisition by Goldstar which was part of the agreement.

Zenith received $1.45m from Goldstar in February when the accord was reached and yesterday said it had received the remaining $13.55m for 1.45m shares, or 4.97 per cent, of Zenith common stock at $10.34 per share.

Amoco Canada plans to lay off 15% of workforce

By Robert Gibbens in Montreal

AMOCO CANADA Petroleum, which bought Dome Petroleum for C$5.2bn (US$4.52bn) in 1988, is to lay off 700 – or 15 per cent – of its workforce.

It is preparing an equity offer by 1993 under an agreement with the federal government in 1988 to share ownership with the Canadian public.

Amoco Canada, now fully owned hy the Chicago-based Amoco, will reduce its workforce by another 200 by 1993 and transfer 650 to affiliates in a big rationalisation. It now employs 4,500.

The company said it must improva profitability. The rationalisation will include disposal of some producing properties in western Canada. It is one of the country's top three gas producers.

The group's first-quarter loss was C$21m against a loss of C$28m a year earlier, helped by lower interest rates. Long-term debt was C$2.8bn at March 31.

● TransCanada PipeLines has sold C$150m of convertible debentures to the Province of Alberta. The debentures will be held in the Alberta Heritage Fund, built up from surplus oil and gas income over the past 15 years. TCPL will use tha money to help meet its C$2.6bn gas pipeline expansion. It is also selling equity to north American institutions to raise a further C$250m.

Argentina to raise $300m through ENTel flotation

By John Barham in Buenos Aires

PRESIDENT Carlos Menem last week formally kicked off Argentina's largest public share offer with the flotation of 30 per cent of the shares in ENTel, the country's telephone network, privatised in November last year.

The flotation, expected to begin in July, should raise at least $300m for the government.

This is the second phase of Argentina's largest privatisation yet.

The first phase began last November when the government sold 60 per cent of the network for $214m in cash and $5.03bn worth of foreign debt certificates to two consortia, one led by Spain's Telefonica and the other by France Telecom and Stet of Italy. The remaining 10 per cent will be held by the employees.

The latest flotation will proceed in several stages. The network's clients will have first priority, followed hy small local and foreign investors. Large investors and holders of Argentine foreign debt will come last.

The sale will be preceded by a marketing campaign and sales roadshows and the shares will be available at over 4,000 points of sale.

However, the government has yat to announce the ehares' price and may set a minimum purchase of $6,000 per applicant.

The flotation is likely to further broaden Argentina's small, but rapidly growing capital markets.

The shares are expected to be in heavy demand, since the two companies are understood to be making impressive profits, both because pulse rates are high and because cash flow is rapidly increasing as they repair over 300,000 disconnected lines.

US insurance debate intensifies

Talk of federal regulation is widespread, writes Nikki Tait

IN a packed hearing room on Capitol Hill, Mr John Dingell, a powerful and tenacious politician from Michigan who beads a key Congressional sub-committee looking into the USinstrance industry, listens grimly. Before him, insurance commissioners from New York, Nebraska, North Dakota and North Carolina are trying to defend a state-based system for regulating this $2,000bn business.

Directly below, in the basement of the same Washington building, a separate sub-committee hearing is going on. This time, it concerns Executive Life, the large Californian life company which invested heavily in junk bonds and was seized by the Californian state regulators last month.

Mr John Garamendi, who hecame California's first electad insurance commissioner in January and thus can afford to throw stones, concedes that regulation in his state has not always sparkled.

Congressmen are quick to listen. Executive Life, after all, had 170,000 life policies in force and was the largest insurance company collapse ever seen in the US. Pension schemes also invested heavily in its products. This means that the fallout has been nationwide; as one Iowa politician notes, there are thousanda of people affected in his state alone.

The juxtaposition of the two hearings is telling. The Dingell sub-committee has been pummelling away at the adequacy of US insurance regulation for abont three yaars. But last month's seizure of Exécntive Life has provoked a renewed political and public interest.

Aside from Dingell, there are four Senate sub-committees and two from the House of Rapresentatives examining various aspects of state insurance regulation. Talk of legislation, which wonld propose some form of federal supervision instead, is widespread.

The system which is under the political microscope grew up, almost in ad hoc fashion, in the 1850s. There hava since been challenges and changes in the legal justification for state supervision, but it has persisted. Today, then, each state has its own insurance department, individual regulations, and is responsible for instigating bail-ont arrangements should an insurer, operating locally, go bust. (Even this is not standardised, and a few states still lack guaranty funds to cover life companies.)

Anyone who has had dealings with the state departments tends to reach the same conclusion: standards of regulation vary widely. Worse, from a consumers' viewpoint, how much coverage a guaranty fund offers depends on where the insurance was bought.

That said, defendants of the system point to the empirical evidence. Althongh rising recently, the number of failures in the insurance industry has been substantially lower than in either the thrift or banking aectora. Theae, broadly speaking, have heen under federal supervision.

Suggestions that federal government should step into the melange of state regulation have been made – and defeated – before. However, the pressures look mnch greater on this occasion.

First, the investigations are being played out against the backdrop of the savings and loan debacle – reckoned to cost US taxpayers $500bn over tha coming decades.

Secondly, there is the highly competitive climate within the insurance sector at present.

Thirdly, there are soma experts who believe that a novel alliance has developed between some of the larger industry players and Washington politicians. Insurance commissioners' increasing focus on political issues, such as auto rates and health insurance, hasleft some companies disillusioned. Add in the collapse of a large, albeit maverick, insurer like Executive Life and small wonder Washington's politicians are bending over backwards to have a say.

Quite what shape fedaral intervention might take is a more difficult subject. A rough outline of what might be considered was circulated by some of Dingell's staff some weeks ago. Broadly it suggested:

● A federal oversight agency, which could review the states' anpervision and intervene if necessary;

● National minimum solvency standards which all insurers licensed to operate in the US would have to meet;

● Federal criminal sanctions, to make looting an insurance company through mismangement a federal crime;

● A national liquidation process, handled to federal courts, althongh states could also place companies in "reorganisation" or liquidation; and

● That federal government should take full responsibility for regulating reinsurers and surplus lines carriers covering US-based risks.

What it did not propose – although soma voices have urged it – is a national guaranty fund. Mr Jack Chesson, Dingell's counsel, told a New York Bar Association seminar last week, that whilst "there is a great deal of logic in a national guaranty fund", he believed "there is zero chance of Congress approving a federal guaranty fund and slightly less than zero of a national guaranty fund".

The threat of federal intervention, meanwhile, has not gone unnoticed by the state insurance departments – who dismissed the Dingell staffers' document as a prejudgment of the issue. For many months, their umbrella organisation, the National Association of Insurance Commissioners, has been beefing np its own model rulebook, adopting minimum requirements for satisfactory state solvency regulation, and totroduced a novel "accreditation" procedure. Under this, the NAIC would grant accreditation to a state department if its regulations and operating standards were up to scratch.

While these efforts are generally praised, the problem is that the NAIC has minimal authority to force its suggestions; adoption of its model rules is voluntary. In the case of the accreditation scheme, it has attempted to get round this difficulty by stating that any insurer domiciled in a non-accredited state would have to meet the standards of every accredited atate in which it does husiness. This would encourage companies to domicile in accredited states and by, implication, pressurise non-accredited states to fall in line.

Only on a couple of scores is there a measure of agreement: even the states concede that a federal criminal statute to cover the insurance industry would be helpful. And they are content to give federal government a limited role in the regulation of non-US insurers, suggesting that a federal bill detailing the requirementa which such businesses must meet, should be implemented. However, the job of maintaining a "white list" of suitable players thereafter would still rest with the NAIC.

And there matters rest – for the moment. With Executive Life playing out in the background, the debate, one suspects, can only intensify.

Fanuc posts 6% rise to record Y70bn

By Emiko Terazono in Tokyo

FANUC, the leading Japanese robotics equipment maker, announced e 6 per cent in non-consolidated pre-tax profits to an all time high of Y70bn ($505m) for the year ended March 1991.

Fanuc attributed the rise to an increase in fund management gains. Sales rose 3.6 per cent to Y184.5bn on the strength of the company's industrial robots, which rose a sharp 47.5 per cent to Y25.8bn. But higher labour and distribution costs burt operating profits, which fell 3.3 per cent to Y54.4bn. After-tax profits increased 8.4 per cent to Y37.6bn.

Sales in its mainstay compnterised numerically controlled systems fell 3.1 per cent to Y134.3bn. Exports fell 8.1 per cent to Y52bn on the weakness in overseas markets.

For the current year to March 1992, Fanuc expects pre-tax profits to rise 2.8 per cent to Y72bn, on an 11.1 per cent rise in sales to Y205bn.

Seiko profits fall by 2.2% to Y5.9bn

By Emiko Terazono

SEIKO, the leading Japanese watchmaker, said consolidated pre-tax profits for the year to March 1991 fell by 2.2 per cent to Y5.9bn ($42m) on higher labour costs and interest payments.

Sales increased by only 1.5 per cent to Y428bn due to flat watch, clock and jewellery divisions. After-tax profits plunged 64.2 per cent due to increases in corporate taxes, and losses in domestic and overseas sales subsidiaries.

On an unconsolidated basis, pre-tax profits rose 8.6 per cent to Y4.8bn and sales increased by 6.4 per cent to Y305.8bn thanks to stable domestic demand. After-tax profits rose 10.5 per cent to Y1.4bn.

For the current fiscal year to March 1992, Seiko forecasts 10 per cent increase in consolidated pre-tax profits to Y6.5bn, and a 9.8 per cent in sales to Y470bn.

Itoman in red after losses on art and property deals

By Stefan Wagstyl in Tokyo

ITOMAN, the Japanese trading company which ran into financial difficulties investing in property end art, bas announced an annual net loss of Y60.4bn ($436m).

The company was reporting results for the year to the end of March, during which it suffered losses of Y43.2bn on property deals and Y58.56bn on art purchases. Of the total, some Y30bo is not included in last year's loss and is being carried forward. Itoman plans to offset the loss by the sale of a 40 per cent interest in its Osaka head office.

The company would have gone bankrupt without the support of Sumitomo Bank, its main bank, which is financing a rescue. The Osaka District Prosecutor's Office is examining aspects of Itoman's operations to see whether anyone connected with the company broke the law. Itoman is passing its dividend.

The net loss is the first since 1976, when the company was last in financial difficulties and also had to be bailed out by Sumitomo.

In the year to March, sales fell 1.2 per cent to Y630.7bn, dne to the collapse of real estate turnover. The operating profit dropped 85.5 per cent to Y1.07bn, with Itoman's core textiles business barely able to make up for the shortfall in property trading. The pre-tax figure was e loss of Y2.04bn against e profit in 1989-90 of Y13.8bn. The group last year made a net profit of Y6.3bn.

For the current year, Itoman plans to make a pre-tax profit of Y3.5bn on sales of Y630bn. Taking account of the likely profit on the sale of part of its headquarters, it expects to see a net profit of Y43.5bn, which will go some way to restoring the damage done to the balance sheet this year.

Reverse for Japan's credit banks

By Robert Thomson in Tokyo

JAPAN'S tbree long-term credit banks reported an average 18.6 per cent fall in pre-tax profits and a 12.1 per cent decline in tbeir banking busineas earnings as higber sbort-term interest rates cut into their yields on fund managemeot and losses on some LDC loans were written off.

Falls would beve been greater at the Industrial Bank of Japan, the Long-Term Credit Bank of Japan, and the Nippon Credit Bank bnt for favourable changes in accounting methods which prodnced large gains in the assessment of debenture and foreign exchange dealings.

Eecb of tbe banks blamed the reverse on Japan's inverted yield curve and on the general instability last year in Japanese financial markets. The banks were also faced with problems at some large corporate clients, with, for example, tbe Long-Term Credit Bank (LTCB) overseeing tbe restructuring of debt at EIE International, tbe property developer.

IBJ reported e 16.2 per cent fall in pre-tax profits to Y132.9bn ($953m) for the year to end-March, while business profits, a measure of profits from banking operations, were down 1.6 per cent to Y90.8bn. The bank is expecting a 4.6 per cent increase in pre-tax profits to Y139bn for the current year.

The LTCB reported an 18.2 per cent fall in pre-tax profit to Y93.8bn and e 1.6 per cent decline in business profit to Y55.8bn. The bank said that the larger fall in pre-tax profit was partly due to its having sold off LDC debt, in particular loans to Venezuela, at e loss, while the gains from the new eccounting methods totalled Y26bn.

LTCB officials said that operating income for the year had increased by 11.4 per cent to Y2,206bn because of a build-up of loan assets and higher domestic interest rates. The bank expects that income and earnings will rise this year, dependent on floctuations in interest rates, and that consolidated pre-tax profit will rise by around 12 per cent.

Nippon Credit Bank reported a 24.5 per cent fall in pre-tax profit to Y52.2bn and e 51.6 per cent fall in business profit to Y19.1bn. The bank suffered most from the inverted yield curve, although it is expecting a 22.6 per cent increase in pre-tax profit to Y64bn for the current year.

● Mr Ryutaro Hashimoto, Japan's finance minister, said it will be necessary to study stock market conditions for a while before shares in Japanese railways are listed on the stock market, Renter reports from Tokyo.

An advisory committee report to the Ministry of Transport stressed the need to list tbe shares of East Japan Railways, Central (Tokai) Japan Railways, and West Japan Railways as soon as possible.

"Whether we will list the shares this fiscal year or not is still an open question," a ministry official said.

JAPANESE TRUST BANKS PROFITS*

	Pre-tax revenue		Business profits		Pre-tax profits		Net profits	
Sumitomo	1,585	(+ 2.5)	60.0	(−51.7)	84.8	(−35.9)	52.0	(−15.9)
Mitsubishi	1,640	(+13.3)	55.7	(−54.3)	80.2	(−39.7)	47.8	(−30.0)
Mitsui	1,320	(+14.1)	47.7	(−52.8)	71.9	(−39.4)	36.8	(−31.9)
Yasude	1,255	(+20.2)	41.3	(−44.4)	56.8	(−45.9)	34.2	(−29.6)
Toyo	910	(+14)	33.9	(−60.3)	47.1	(−38.6)	22.8	(−35.5)
Chuo	527	(+21)	14.3	(−50.0)	23.6	(−19.3)	11.0	(−14.5)
Nippon	174	(+14)	−40.0		10.0	(+21.9)	4.6	(− 2.9)
Total	7,393	(+11.8)	249.0	(−53.9)	376.0	(−37.5)	209.3	(−27.0)

*Billions of yen, change in brackets

El Al stays in the black with $14.1m for year

By Hugh Carnegy in Jerusalem

ISRAEL'S state-owned airline, El Al, suffered a predictable slide in profits last year as the Gulf crisis halved tourist traffic in the second six months. But, unlike many of its competitors, it avoided a drop into the red, posting net profits of $14.1m, compared with $24.2m in 1989.

As a Middle Eastern state under threat of ettack by Iraq from the earliest days of the Gulf war last August, the Israeli tourist industry was hard hit by the crisis. The company said passenger traffic had dropped by 54 per cent by December. Meanwhile, fuel prices rose 120 per cent.

Mr Raphael Harlev, El Al president, said cuts in schedules and staff numbers had held the rise in operating costs to 14 per cent, totalling $780m. At the same time, the conversion of passenger capacity into cargo space helped push sales up by more than 10 per cent to $785.3m.

Another positive factor was the airline's role in carrying thousands of Soviet Jews to Israel for the government.

The fall in profits would have been much larger but for income of $5.6m from financing activities, including aircraft leasing. Contributions from affiliated companies and sales of shares in subsidiaries also contributed $3m.

El Al has now shown a profit for five consecutive years, despite being in receivership since 1982 when it was swamped by debts and labour problems.

The Gulf war was the dominant factor in the first quarter this year, bnt performance should be helped by the airline enjoying a monopoly on its routes during the conflict, when other airlines stopped flying to Israel, and by government-subsidised war insurance.

El Al is due for privatisation through a 51 per cent international stock flotation.

Kubota sees advance to Y36.3bn

By Emiko Terazono

KUBOTA, the Japanese farm equipment maker, announced e 0.3 per cent rise in non-consolidated pre-tax profits to Y36.3bn for the year to March 1991.

Kobota said the rise in distribution and labour costs stunted profit growth despite a 6.9 per cent rise in sales to Y708.9bn. After-tax profits rose 8 per cent to Y20.3bn on a cut in corporate taxes.

Domestic sales rose 9 per cent to Y49.9bn, reflecting strong demand in Kubota'e pipes, industrial machinery, and environmental facilities. Exports, however, declined 3.7 per cent due to e 32 per cent fall in industrial material and e 2 per cent decrease in building equipment.

For the current year, ending March 1992, Kubota expects sales to rise 5 per cent to Y745, but expects e marginal 1.9 per cent in pre-tax profits to Y37bn due to an increase in interest payments.

Shiseido up 8.7% at pre-tax level

SHISEIDO, Japan's largest cosmetics maker, enjoyed a 25.1 per cent rise in operating profits to Y225bn ($1.62bn) in the year to end-March, but pre-tax profits climbed only 8.7 per cent to Y30.12bn due to losses on financial items, writes Neil Weinberg in Tokyo.

Sales for Shiseido, which commands a 27 per cent domestic market share, increased 8 per cent to Y352.3bn, with cosmetics sales up 7 per cent and toiletries increasing 11.2 per cent.

Pre-tax profits were hit by a decline in Shiseido's financial surplus and a Y700m currency exchange loss. After-tax profits advanced 38.7 per cent to Y14.9bn as tax ontlays declined.

Sales for the year to end-March 1992 are forecast to rise 6.9 per cent to Y377bn. Pre-tax profits are expected to gain 6.0 per cent to Y32bn and after-tax profits 3.6 per cent to 15.5bn.

New chairman for Christiania Bank

MR TOR MOURSUND, the board chairman of Christiania Bank, Norway's second biggest bank, is to hand over the helm to Mr Per Ditlev-Simonsen, 58, shipowner and former defence minister, in one of the biggest changes within the bank in over 15 years, writes Karen Fossli in Oslo.

Mr Ditlev-Simonsen was elected to the two-year post, replacing Mr Moursund who was Christiania's president for 13 years before becoming chairman last year.

Treasuries drift modestly higher in thin trading

By Karen Zagor in New York and Sara Webb in London

US Treasuries drifted modestly higher yesterday morning in thin, featureless trading.

At mid-session, the Treasury's benchmark 30-year bond was quoted up ⅛ at 98 ⅟₃₂, yielding 8.28 per cent, while shorter-deted metnrities were unchanged to ⅟₃₂ higher.

The Federal Reserve entered the open market to arrange $2bn in customer repurchase agreements when Fed funds were trading at 5⅞ per cent. Although the intervention was not widely expected, it was seen as a technical measure in anticipation of a amall, seasonal reserve shortage today at the end of the current two-week statement period. The Fed last intervened on Thursday, when it arranged overnights matched sales with funds last at 5¾ per cent. The target for the key rate is believed to be 5¾ per cent.

News that existing home sales for April rose 3.4 per cent depressed bond prices in early trading. But prices firmed after the release of the conference board's index of consumer confidence in the US for May, which fell to 74.2 from 79.4 in April.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-25	+01/32	10.30	10.42	10.60
		9.000	03/00	92-27	+06/32	10.25	10.24	10.18
		9.000	10/08	91-13	+09/32	10.05	10.02	9.92
US TREASURY *		8.000	05/01	99-18	+06/32	8.06	8.08	8.10
		8.125	05/21	98-09	+05/32	8.28	8.29	8.27
JAPAN	No 119	4.800	6/99	88.3601	+0.118	7.06	7.03	7.15
	No 129	6.400	03/00	96.5831	+0.137	6.66	6.61	6.75
GERMANY		9.000	01/01	104.3300	+0.280	8.31	8.39	8.42
FRANCE	BTAN	9.000	02/96	99.9331	-0.036	8.98	8.92	9.10
	OAT	9.500	01/01	103.3500	+0.110	8.95	8.85	8.91
CANADA *		9.750	06/01	100.9500	+0.060	9.60	9.68	9.65
NETHERLANDS		8.500	03/01	99.8300	+0.400	8.52	8.63	8.62
AUSTRALIA		13.000	07/00	114.4247	+0.754	10.50	10.49	10.89
BELGIUM		10.000	08/00	105.1000	+0.250	9.14	8.96	8.96

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

■DOMESTIC and overseas buying helped to buoy the German government bond market yesterday.

Japanese investors have returned to the European government bond markets after a considerable absence, while other investors have been busy switching from French government bonds into bunds recently. Many investors remain worried by the appointment of Mrs Edith Cresson as prime minister in France, and feel unsure about her government's economic policies.

Bullish sentiment in the bund market stems partly from recent statements by Mr Helmut Schlesinger in the press regarding inflation and interest rates. Mr Schlesinger, who is expected to take over as Bundesbank president when Mr Karl Otto Pöhl leaves, was reported saying that interest rates will not be raised and that the inflation rate is unlikely to exceed 4 per cent.

The June Liffe bund futures contract rose yesterday from 85.70 at the start of trade to reach 85.86 by late afternoon, and traders expect to see it testing the 86 level this week. The 8⅜ per cent bund due 2001 opened at 100.53 and rose to 100.65.

Elsewhere in Europe, Spanish overnight interest rates edged up from 12.75 per cent to 12.85 per cent as the Bank of Spain drained Pta329.5bn of liquidity from the money market.

The move was taken as confirmation that the intervention rate will not be cut further for some time. Despite statements from the government warning that no further cuts are imminent, there has been some speculation in the market that external pressures will force another cut soon.

■THE UK government bond market edged up following the US Treasury bond market's lead in the absence of any economic data. Short-dated gilts barely moved. The 11¾ per cent gilt due 2003/07 rose from 108⅞ to 109⅛ by late afternoon.

■JAPANESE government bonds moved in a narrow range as investers await a signal that the Bank of Japan will cut the Official Discount Rate. Attention will focus on the consumer prices figures – due out on Friday – and on the Bank of Japan "Tankan" survey, the quarterly survey of business which is due on June 11. Any signs of a slowdown could encourage the Bank of Japan to cut the discount rate.

CME plans new currency derivatives

By Barbara Durr in Chicago

THE Chicago Mercantile Exchange is today launching three currency cross-rate futures and three options contracts.

The cross rates for the futures and options will be sterling/D-Mark, D-Mark/Swiss franc and the D-Mark/yen. The CME said the products responded in part to the rapid growth of trading in foreign currency cross rates by international banks. The CME products will be denominated and cash-settled in US dollars. The minimum tick will be $25 and the value of the contracts will be calculated as follows: the sterling/D-Mark cross rate times $50,000; the D-Mark/SFr cross rate times $125,000; and the D-Mark/yen cross rate times $125,000. They will be traded between 7:20am and 2:00pm Chicago time, and will have the same March, June, September, December cycle of other CME currency futures.

The cross-rate futures-options are similar to other currency options contracts at the CME except that these are cash settled and are allowed to expire on the same day as the corresponding futures.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 5:05 pm on May 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101⅞	102⅜	−⅛	7.68	BAYERISCHE VEREINS INT 7 94 LFr	600	92¾	93¾	−⅛	9.77
ALBERTA PROVINCE 9 3/8 95	600	104	104⅛	+⅛	8.23	KREDIETBANK 7 93 LFr	1000	94⅛	95⅛	−⅛	9.88
AUSTRIA 8 1/2 00	400	99	99½	+⅛	8.66	WORLD BANK 8 96 LFr	1000	96	97	+⅛	9.04
BANK OF TOKYO 8 3/8 96	100	99⅛	99⅝	+⅛	8.54	ABN BANK 6 1/4 92 Fl	150	96⅛	96⅞		9.74
BELGIUM 9 1/8 92	400	102⅛	103		7.20	RABOBANK 5 3/4 93 Fl	150	94⅛	95⅛		9.25
BFCE 7 3/4 97	150	98⅛	99	+⅛	8.04	ALBERTA PROVINCE 10 92 C$	500	100⅛	100⅝	+⅛	9.58
BNP 8 5/8 94	300	102⅛	102½	+⅛	7.83	BCE INC 9 5/8 93 C$	300	99⅛	99⅝		10.05
BP CAPITAL 9 5/8 95	150	103⅞	105⅛	+⅛	7.39	BELL CANADA 10 5/8 99 C$	150	99⅞	100⅛		10.64
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Japanese warrant deals test international demand

By Simon London

THE strength of international demand for Japanese warrant bonds was tested yesterday with 11 equity-linked deals launched in the international bond market.

In total, $850m equivalent of warrant bonds were issued yesterday, all by Japanese companies. Despite the weight of paper, demand appears to be firm. Investors are keen to buy warrants priced against the new levels of the Tokyo stock market following its heavy fall last year.

For example, the biggest deal of the day, a $200m four-year issue by Aoki International via Nomura, traded up to 106.5 bid from an issue price of par.

The largest new issue in any sector yesterday came from Kansai International Airport, which carries the guarantee of the Japanese government. The $270m seven-year deal, lead managed by IBJ, was priced to yield 47 basis points over the US Treasury yield curve.

The bonds carry an 8½ per cent coupon and were re-offered to investors at a fixed price of 99.92. The pricing of the deal was seen as tight by many participants, many of whom would have preferred a 10-year issue.

INTERNATIONAL BONDS

However, demand was firm enough for the yield spread over Treasuries to be maintained.

Elsewhere, supply of Canadian dollar-denominated paper was resumed following a fallow period last week. BCE, the holding company of Bell Canada, launched a C$250m five-year issue, lead managed by UBS Phillips & Drew.

The bonds carry a 10⅛ per cent coupon and were priced to yield 72 basis points over comparable Canadian government bonds. Again the pricing was seen as tight, but participants said that the deal attracted interest from continental European retail accounts. BCE has not borrowed in the international bond market since 1988 but the five-year bonds offered yesterday are the shortest maturity available.

Interest in the higher-yielding European currencies was also maintained. Okobank, the Finnish financial institution, tapped demand within Germany with a FM175m five-year issue – against the background of rumours that the Finnish monetary authorities may soon link the markka to the Ecu.

Crédit Agricole, the French bank, made its debut in the Ecu sector with a Ecu150m four-year transaction lead managed by Swiss Bank Corporation. The paper carries a coupon of 9⅛ per cent and was re-offered to investors at a fixed price of 99.75, where the yield is 9.2 per cent. This offers e 20 basis point pick-up over yield available in the secondary market on the recent four-year Ecu100m deal by LKB Baden-Wurtenburg.

● Eurofima followed the success of its Portuguese escudo-denominated deal last week with a Pta10bn bond issue in the Spanish domestic market. The five-year matador issne offers a coupon of 11.6 per cent and was priced at 101.55 with full fees of 1⅝ per cent.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Aoki Int.Co.♦	200	4	100	1995	2¼/1½	Nomura Int.
Sumitomo Coal Mining Co.♦	100	4	100	1995	2¼/1½	Daiwa Europe
Brother Sales Ltd.♦	100	4	100	1995	2¼/1½	Nikko Secs (Europe)
Kansai Int.Airport Co.	270	8½	99.92	1998	30bp	IBJ Int.
Acer Inc.§(a)	45	3½-4	100	2001	2½/1½	Nomura Int.
CANADIAN DOLLARS						
Credit Com. de France†(b)	75	10.125	101.375	1994	1⅜/½	Goldman Sachs Int.
BCE.Inc.†	250	10⅛	101.822	1996	1⅞/1¼	UBS Phillips & Drew
AUSTRALIAN DOLLARS						
Shell Australia†	100	11	100.70	1998	2/1½	Hambros Bank Ltd.
D-MARKS						
Tokyu Recreation♦	70	4	100	1995	-	Daiwa Europe GmbH
Torishima Pump Mfg.Co.♦	60	4	100	1995	2¼/1½	Nomura Bk.(Deutsch)
Kanaden Corporation♦	50	4	100	1995	2¼/1½	Daiwa Europe GmbH
Yamazen Co.Ltd♦	140	4½	100	1996	2¼/1½	Deutsche Bank
Council of Europe(d)†	100	10	100⅜	1993	1⅛/⅜	Commerzbank A.G.
SWISS FRANCS						
Kuraray Co.Ltd.♦★★	150	2¾	100	1996	-	Credit Suisse
Izukyu Corporation♦★★	100	2½	100	1995	-	Yamaichi Bk.(Switz)
Apollo Electronics Co.♦★★	50	2¾	100	1996	-	UBS
Daimei Telecom Eng.♦★★	90	2½	100	1995	-	Credit Suisse
Toyota Motor Credit Corp.★★	100	6¾	102	1996	-	Banque Paribas Suisse
ECUs						
Caisse Nat.Cred.Agri.†(c)	150	9⅛	101⅛	1995	1⅝/1⅜	SBC
PESETAS						
Eurofima†	10bn	11.60	101.55	1996	1⅝/1⅜	J.P Morgan
FINNISH MARKKA						
Oko Bank†	175	11½	100.35	1996	-	Citibank
LIRE						
Banque National de Paris†	150bn	11⅞	101.60	1996	1⅞/1¼	Banca Naz.Del Lavoro

♦With equity warrants. ★★Private placement. §Convertible. †Final terms. a)Coupon is payable annually on 31/07/91 and there is a long first coupon with payment date on 10/06/91 callable from 31/07/93 at 104% decling 1% annually to Par. b)Fungible with 10⅛% 06/08/94. Reoffered at 100.20%. c)Fixed price reoffer at 99¾%. d)Redemption linked to the German DTB's Bund Futures contract. 3 million units attached, priced at 1.35 D-Marks, exercisable until the 24/6/93.

S&P casts eye over mortgage bond issues

By Sara Webb

STANDARD & Poor's, the US credit rating agency, may place some mortgage-backed bond issues on its credit watch surveillance list this week due to concern over their insurance cover.

The alarm about some mortgage-backed issues stems from S&P's decision last week to review the credit ratings of six UK insurance companies "with negative implications".

Some of these insurers – such as Sun Alliance – provide insurance cover for securitised mortgages. This protects bond-holders against loss in the event of default on the underlying mortgages.

Specialised mortgage lenders, including National Home Loans, Household Mortgage Corporation, and The Mortgage Corporation, are currently reviewing the insurance cover on their bond issues to see whether it needs to be upgraded.

The US rating agency said that profits for composite insurers in the UK are likely to continue to be disappointing this year, with "particularly poor results expected in the personal motor, household, employers' liability and mortgage guaranty accounts".

Eagle Star, Sun Alliance and London Insurance, and General Accident have had their ratings for claims-paying ability placed on credit watch, while Legal & General Group, Guardian Royal Exchange and Sun Alliance Group have had their commercial paper programmes placed on the surveillance list.

World Bank lends $50m to Chile

THE World Bank announced a $50m loan to help improve water supply and sanitary conditions in Valparaiso, Chile's third largest city, Reuter reports.

The loan, to be disbursed over six-and-a-half years, is for 17 years, including a five-year grace period.

The loan carries a variable interest rate, initially of 7.73 per cent.

Arm of French bank seeks FFr470m

By George Graham in Paris

CREDIT Agricole d'Ile de France, the largest and least agricultural of the 85 regional units which make up France's giant agricultural co-operative bank, is to raise FFr470m of fresh capital.

The bank will issue new Co-operative Certificates of Investment (CCI), a form of non-voting stock which is the closest a co-operative organisation can come to raising equity on the stock market.

Already, 18 Crédit Agricole regions hava issued CCIs – the Ile de France region is on its third tranche – as they seek to improve their capital bases to comply with the Bank for International Settlements and similar rules adopted by the European Community.

"We need new funds to maintain and improve our capital base. The new European ratios place us with a capital-to-risks ratio of around 7 per cent at the end of December. Wa need to go to 8 per cent by 1993," said Mr Lucien Douroux, chief executive of the Crédit Agricole Ile de France.

The funds raised will also help to finance the cost of taking control of Banque de Gestion Privée (BGP), an investment banking and assat management specialist bought in March for FFr730m, which is also co-managing the issue for its parent.

Mr Douroux' bank will take around 55 per cent of BGP at a cost of some FFr400m, with the Caisse Nationale du Crédit Agricole, the central banking unit owned by all the Crédit Agricole regions, taking 25 per cent. But Crédit Agricole Ile de France's appetite for capital – its last issue of CCIs dates back only 15 months – also reflects a change in its field of operations.

Since last year, the Crédit Agricole has lost what remained of its monopoly on farm loans. In exchange, however, it has won the right for the first time to lend to companies and liberal professions in urban areas.

This has opened up a vast field for the Crédit Agricole Ile de France, whose region, centred on Paris, is almost entirely urban.

Although its activity is still centred on home loans, which account for two-thirds of its loan book and where it holds 17 per cent of the Paris region market, its non-agricultural business loan book grew by 47 per cent last year to reach FFr11.5bn. Net profits grew last year by 21 per cent to FFr403m, and Mr Douroux is predicting a further increase of 10 to 15 per cent this year.

CCIs have until now mostly been sold to clients of the Crédit Agricola network, but now that Crédit Agricole Ile de France's paper has established a certain level of liquidity on Paris's second market – an average turnover of 1,000 CCIs a day – the bank hopes to open up to a wider pool of investors.

Brazil allows foreign investment

By Christina Lamb in Rio de Janeiro

A DECISION to allow direct foreign investment into Brazil's stock markets was expected to be announced last night, according to government officials.

The Netional Monetary Council was voting yesterday evening on whether to give foreign investors direct access to buy shares in Brazilian companies.

Until now, foreigners could only invest through Brazilian-administered funds.

Althongh plans to allow direct access were announced earlier this year, the enabling proposals and tax regulations were only voted on at yesterday's meeting.

The expected decision has transformed the Brazilian stock market. This month alone, the market has risen 44.8 per cent, partly in response to the appointment of a new economic team and the announcement of a date for the first big privatisation.

There is expected to be considerable foreign interest in investing. The National Securities Commission estimates that, in one year, North American pension funds alone would bring in between $100m and $150m. Earlier this year, everage daily trading volume in Brazil was running at $12m to $15m.

Mr Robert Barclay, head of tha $140m Banco Bozano Simonsen Fund, said: "A lot of foreigners have their eyes on particular companies such as Telebras and Aracruz bnt, because of Brazil's economic instability, baulk at investing in a fund which requires making a mnch bigger commitment."

Even with the recent rise, Brazilian shares are widely regarded as undervalued. Telebras, the state telephone company, for example is trading at 8 per cent of book asset value.

Mr Edmund Games, who administrates the Brazil Fund, said: "These companies have assets worth substantially more than the Brazilian investor is willing to pay. Foreign investors know this and can't wait for the door to be opened."

However, many Brazilian analysts warn that the picture is less simple. The market capitalisation of Varig, Brazil's largest airline, at $61m seems ridiculously cheap for a company with a large and relatively new fleet. But last year Varig made heavy losses, and its fleet was acquired with borrowed money.

Laurentian Bank deal allowed with Standard Trust

By Robert Gibbens in Montreal

LAURENTIAN Bank, a key member of the Laurentian Group, has received Ontario Court approval to take over Standard Trust's 30 mortgage branches from Standard's liquidator.

The deal involves C$1.3bn (US$1.18bn) deposits, 200 employees, and about C$750m in residential mortgages and commercial loans.

Senior creditors put Standard into bankruptcy after refusing an initial offer from Laurentian Bank. Standard got into financial difficulties when several large property loans went sour.

Then federal regulators seized the assets, shnt the branches and began winding Standard np.

● Canadian Pacific's long-term debt rating has been cut from A to A-low by Dominion Bond Rating Service, one of Canada's two rating agencies. Tha downgrading also applies to debt issued by CP Securities, a financing subsidiary.

Moody's Investors Service in New York downgraded CP's senior unsecured debt e month ago and DBRS has already downgraded the senior debt of CP Forest Products, CP's big pulp and paper arm. But DBRS has not changed its assessment of CP's short-term debt.

Vietnam closed-end fund to be launched

By John Elliott in Hong Kong

ASIA Securities of Taiwan and Lloyds Bank Fund Management of London have obtained government approval to launch a $30m closed-end fund in Vietnam, the first of its kind in the country.

Called the Vietnam Fund, it is being underwritten by Smith New Court Far East of Hong Kong, which plans to market it to international institutions. It will invest in foreign joint venture projects at a time when Vietnam is beginning to open up its economy.

The investors include two Moscow-based corporations, along with Bovis of the UK, part of the P&O group, Samsung of Sonth Korea, Sime Darby of Malaysia, and Genesis Fund Management of the UK.

● Robeco, the Dutch fund group, said its three regional funds launched earlier this month have so far raised Fl 186m, Reuter reports.

Around e third of funds invested came from abroad.

Robeco said earlier this month that the funds could eventually raise a total of Fl 1.5bn.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday May 28 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri May 24 Index No.	Thu May 23 Index No.	Wed May 22 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (186)	816.82	-0.3	11.39	5.95	10.77	15.76	818.93	826.64	823.71	878.92
2 Building Materials (24)	1050.42	-0.7	10.96	5.90	11.23	22.01	1057.67	1074.76	1067.77	1098.72
3 Contracting, Construction (31)	1279.99	-0.7	9.32	6.30	14.05	30.61	1288.75	1305.86	1303.09	1357.93
4 Electricals (10)	2346.63	-0.1	11.21	5.70	11.36	61.85	2349.63	2355.93	2349.67	2512.63
5 Electronics (25)	1743.45	......	8.96	5.15	14.85	7.81	1742.80	1761.96	1763.65	1855.74
6 Engineering-Aerospace (8)	420.60	-0.5	16.59	5.96	7.25	10.60	422.83	427.54	426.01	473.12
7 Engineering-General (47)	436.84	-0.1	12.81	6.01	9.43	8.43	437.27	438.50	436.88	480.48
8 Metals and Metal Forming (8)	441.86	-0.3	20.21	7.81	6.10	2.31	443.38	445.76	444.58	492.85
9 Motors (13)	321.45	-0.5	12.57	7.56	9.40	9.89	323.03	326.19	324.82	355.86
10 Other Industrial Materials (20)	1475.82	+0.1	9.58	5.51	12.29	31.84	1473.96	1483.65	1477.49	1602.42
21 CONSUMER GROUP (188)	1459.06	+0.4	8.17	3.72	15.09	18.58	1452.72	1454.63	1444.93	1262.27
22 Brewers and Distillers (22)	1804.52	+0.1	8.42	3.68	14.60	21.60	1801.83	1805.29	1792.67	1505.34
25 Food Manufacturing (20)	1153.89	+0.2	9.97	4.26	12.36	18.39	1151.14	1158.72	1158.68	1076.01
26 Food Retailing (16)	2742.06	+0.5	7.97	3.05	16.40	30.32	2727.66	2750.42	2742.16	2465.03
27 Health and Household (21)	3406.66	+1.6	5.63	2.52	20.27	29.05	3351.90	3319.30	3279.21	2519.56
29 Hotels and Leisure (23)	1294.25	......	10.49	5.29	11.24	23.57	1293.78	1298.60	1295.14	1426.96
30 Media (26)	1448.86	-0.2	9.45	4.81	13.49	22.11	1451.89	1456.10	1440.82	0.00
31 Packaging, Paper & Printing (17)	667.04	-0.5	8.12	4.93	15.42	11.81	670.27	669.07	667.93	586.72
34 Stores (33)	895.04	-0.3	8.88	4.08	14.72	12.50	897.49	904.73	898.11	789.11
35 Textiles (10)	524.31	-1.1	10.52	5.96	11.74	9.55	530.06	532.40	533.65	490.76
40 OTHER GROUPS (107)	1223.23	......	10.00	5.16	12.30	11.16	1223.79	1232.98	1221.61	1155.92
41 Business Services (12)	1220.88	-0.2	10.86	5.34	11.31	13.23	1223.20	1229.11	1224.99	0.00
42 Chemicals (21)	1346.63	+0.4	8.48	5.34	13.39	28.71	1341.20	1353.85	1337.81	1256.36
43 Conglomerates (10)	1459.49	+0.1	10.43	7.11	11.56	17.49	1457.52	1460.64	1457.93	1629.41
44 Transport (13)	2190.44	-0.4	11.24	4.75	10.98	26.91	2198.80	2201.87	2199.20	2231.52
45 Electricity (14)	1232.64	-0.1	11.24	5.41	11.14	8.00	1233.51	1239.71	1236.43	0.00
46 Telephone Networks (4)	1471.54	......	10.37	4.08	12.59	0.00	1471.43	1489.71	1458.55	1163.11
47 Water (10)	2445.58	-0.3	13.98	5.61	8.00	39.69	2453.77	2471.80	2455.46	1926.83
48 Miscellaneous (23)	1859.09	-0.4	6.25	5.02	20.53	22.21	1865.79	1880.06	1874.05	1765.91
49 INDUSTRIAL GROUP (481)	1228.22	+0.1	9.39	4.62	13.10	15.77	1226.44	1232.47	1223.99	1147.04
51 Oil & Gas (19)	2323.80	+0.1	10.84	5.73	12.02	50.59	2321.56	2339.57	2345.00	2287.08
59 500 SHARE INDEX (500)	1322.03	+0.1	9.58	4.76	12.95	18.51	1320.20	1327.16	1319.59	1242.51
61 FINANCIAL GROUP (97)	797.27	+0.5	-	5.96	-	18.07	793.11	795.65	790.90	784.37
62 Banks (9)	900.74	+0.9	7.66	6.15	18.94	22.63	892.62	892.84	880.42	828.04
65 Insurance (Life) (7)	1446.25	......	-	5.72	-	41.64	1445.55	1445.75	1443.81	1351.88
66 Insurance (Composite) (6)	666.13	+0.9	-	6.58	-	20.23	660.01	666.25	663.10	664.60
67 Insurance (Brokers) (8)	1066.22	+0.3	7.40	6.30	17.59	21.24	1063.44	1070.01	1075.54	1074.15
68 Merchant Banks (7)	421.92	......	-	4.80	-	4.47	422.05	422.39	422.58	442.30
69 Property (40)	959.51	-0.1	6.62	5.04	20.64	7.90	960.50	966.29	969.06	1085.87
70 Other Financial (20)	282.36	-0.2	9.30	6.42	13.36	4.75	282.96	284.23	284.64	307.41
71 Investment Trusts (70)	1200.70	-0.3	-	5.49	-	15.60	1204.41	1212.17	1211.21	1190.57
99 ALL-SHARE INDEX (667)	1194.85	+0.2	-	4.89	-	18.11	1192.72	1198.71	1191.99	1132.24

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	May 24	May 23	May 22	May 21	May 20	Year ago
FT-SE 100 SHARE INDEX‡	2479.7	+8.6	2482.5	2475.6	2471.1	2482.8	2465.9	2482.7	2466.6	2295.6

FIXED INTEREST

PRICE INDICES	Tue May 28	Day's change %	Fri May 24	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	121.72	+0.09	121.61	2.33	4.29
2 5-15 years (29)	130.84	+0.23	130.54	2.66	5.15
3 Over 15 years (8)	137.18	+0.50	136.50	2.23	5.02
4 Irredeemables (6)	149.54	......	149.53	1.10	6.11
5 All stocks (70)	130.15	+0.20	129.89	2.52	4.92
Index-Linked					
6 Up to 5 years (1)	159.46	+0.06	159.36	0.12	2.72
7 Over 5 years (10)	147.69	+0.30	147.25	1.01	1.52
8 All stocks (11)	148.59	+0.29	148.16	0.98	1.56
9 Debs & Loans (56)	109.57	+0.08	109.48	2.16	4.30

AVERAGE GROSS REDEMPTION YIELDS		Tue May 28	Fri May 24	Year ago (approx.)
British Government				
1 Low	5 years	9.16	9.18	11.36
2 Coupons	15 years	9.78	9.83	11.07
3 (0%-7¾%)	20 years	9.94	9.98	11.01
4 Medium	5 years	10.32	10.34	12.41
5 Coupons	15 years	10.22	10.27	11.57
6 (8%-10¾%)	20 years	10.15	10.20	11.34
7 High	5 years	10.49	10.51	12.51
8 Coupons	15 years	10.39	10.44	11.87
9 (11%-)	20 years	10.28	10.34	11.66
10 Irredeemables†		10.20	10.20	10.93
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	4.05	4.06	5.32
12 Inflation rate 5%	Over 5 yrs.	4.20	4.22	4.23
13 Inflation rate 10%	Up to 5 yrs.	3.15	3.16	4.26
14 Inflation rate 10%	Over 5 yrs.	4.01	4.03	4.04
15 Debs &	5 years	11.88	11.88	14.71
16 Loans	15 years	11.65	11.65	13.55
17	25 years	11.45	11.45	13.13

‡Opening index 2476.9; 9 am 2479.3; 10 am 2475.9; 11 am 2477.1; Noon 2479.9; 1 pm 2479.7; 2 pm 2480.8; 2.30 pm 2481.7; 3 pm 2478.8; 4.10 pm 2479.8; (a) 2.37pm (b) 10.03am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FIKSTAT, 071-925 2323.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	69	2	13
Corporations, Dominion and Foreign Bonds	1	4	15
Industrials	193	278	1,058
Financial and Properties	82	134	520
Oils	20	17	56
Plantations	3	0	7
Mines	31	34	97
Others	38	30	103
Totals	437	499	1,869

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amt. Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	101	100	Aberforth Split Lev Cp	101		-	-	-	-
100	F.P.	-	108	100	Do. Income 10p	106		M9.0	-	11.3	-
-	F.P.	-	207	200	Do. Units 10p	206	-1	-	-	-	-
‡	F.P.	-	185	185	Brockhampton 10p	185		-	-	-	-
‡	F.P.	-	33	33	Do. A Warrants 10p	33		-	-	-	-
‡	F.P.	-	140	140	Do. Non/Vtg. A 10p	140		-	-	-	-
100	F.P.	-	109	104	Contra-Cyclical Inc 1p	107		-	-	-	-
30	F.P.	-	56¼	54¾	Do. Zero Div. Prf. 50p	55½		-	-	-	-
25	F.P.	-	27	22½	Do. Capital	26½		-	-	-	-
100	F.P.	-	103	100	Drayton Blue Chip Tst.	102		-	-	-	-
100	F.P.	-	118	105	Do. Zero Prf. £1	110	+½	-	-	-	-
65	F.P.	-	65	65	EFM Income Tst.	65		-	-	-	-
35	F.P.	-	38¾	37	Do. Zero Div. Prf.	38¼		-	-	-	-
†	F.P.	-	41	33	Globe Petroleum	40		-	-	-	-
Ir230	F.P.	-	245	217	Greencore Ir£1	220		u0¾%	5.9	1.8	9.3
§100	F.P.	-	123	116	Headline Book Publ'g. 10p	123		L2.5	2.8	2.7	17.7
-	F.P.	-	9	6	MMI Warrants	9		-	-	-	-
†	F.P.	-	766	691	Manpower Inc. 1c	766		-	-	-	-
125	F.P.	-	127	113	Mirror Grp. Newspapers	116	-2½	R6.55	1.7	7.5	10.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
‡	F.P.	-	107p	107p	Brockhampton N/V 9½pc Rd Prf 1996 £1	107p	
100	F.P.	-	100	98½	EE Finance 8¾pc Gtd. Exch. Bds. 2006	98½	-1
100	F.P.	-	103¾	99¾	Hanson 9½pc Cv. Bd.	100¾	+½
100	F.P.	-	103¼	98¾	RMC Capital 8¾pc Cnv. Bds. 2006	99¼	-¼
§100p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
112	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
132	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
33	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
225	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
75	Nil	-	15pm	5pm	Pressac 5p	5pm	-1
127	Nil	-	20pm	13pm	Scapa Group	14pm	
72	Nil	-	10pm	8pm	‡Synapse Cmptrs. Servs 5p	8pm	
27	Nil	-	2pm	2pm	TR High Inc. Sub. 1p	2pm	
100	Nil	-	2½pm	2pm	TR High Income	2pm	
200	Nil	-	40pm	27pm	Taylor Woodrow	27pm	-2

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ◊ Unlisted securities market. ǂ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings May 28
- Last Dealings June 7
- Last Declarations August 29
- For settlement Sept. 9

For rate indications see end of London Share Service

Calls in Atlantic Res., Indonesian Diamond, Kenmare, Midland & Scottish Res., Oliver Res., Queens Moat Houses, Saatchi & Saatchi and TV-am.

LONDON TRADED OPTIONS

[illegible]

Option		CALLS			PUTS		
Utd. Biscuits (*366)	360	21	31	39	9½	16	19
	390	0	16	25	28	33	35
Blue Circle (*242)	240	11	23	28	7½	14	17
	260	3½	13	19	21	26	29

Euro FT-SE Calls 15 Puts 66

*Underlying security price. † Long dated expiry months. Premiums shown are based on offer prices.

UK COMPANY NEWS

Big guns ready and lined up for battle

David Owen looks at the impressive list of connections ICI and Hanson can call on

IMPERIAL Chemical Industries now looks to have shown foresight in appointing Sir Antony Pilkington to its board in March as a non-executive director.

As chairman of Pilkington, the glass maker which survived a hostile takeover attempt by BTR in 1987, who better is there to advise the group on how best to escape the clutches of an acquisitive conglomerate?

Sir Antony is just one of an impressive list of the great and good on whom the UK's largest manufacturer can count if Hanson does launch a hostile bid.

The conglomerate bought a 2.8 per cent stake in ICI two weeks ago in a move which has fuelled intense speculation that a full-blooded takeover attempt might eventually be forthcoming.

Sir Antony's fellow ICI non-executives include the chairman of one of the four big UK clearing banks, a former chairman of the US Federal Reserve, a member of the board of managing directors of the largest German bank and a director of the world's biggest car maker.

Meanwhile, ICI executive directors themselves sit on the boards of at least five FTSE 100 manufacturers, one insurance company and two UK banks.

The UK clearing bank chairman is Sir Jeremy Morse of Lloyds, one of the City's best-known chess enthusiasts, whose flair for strategy will no doubt be an asset in coming weeks.

ICI can also boast a man in the Barclays' board room in the shape of chairman Sir Denys Henderson, and a deputy chairman of Midland Bank in Sir Patrick Meaney, chairman of the Rank Organisation, who is an ICI non-executive.

Sir Antony is a director of National Westminster Bank, giving the group a complete set of the UK clearers.

Executive director Mr Thomas Hutchison is on the board of Bank of Scotland.

The former US Federal Reserve chairman is Mr Paul Volcker, whose other directorships include Nestlé, the Swiss food group which bought Rowntree for £2.55bn in 1988, and the Prudential Insurance Company of America.

Ms Ellen Schneider-Lenné, who sits on the board of managing directors of Deutsche Bank, is also a director of Morgan Grenfell, its UK merchant bank which advised BTR in that unsuccessful Pilkington raid.

Mr Tom Wyman, an ICI non-executive director since 1986, sits on the boards of General Motors and American Telephone and Telegraph in the US, and United Biscuits and SG Warburg in Britain.

Lord Chilver, chairman of ECC – the building products group, and Mr Walter Kiep, a member of the supervisory board of Volkswagen and director of both Marsh & McLennan and Bank of Montreal, complete the group's quiver of non-executive directors.

Mr Shoichi Saba, adviser to the Toshiba board, and Sir Alex Jarratt, chairman of Smiths Industries, and deputy chairman of Midland Bank and Prudential Corporation, retired at the last AGM.

As well as his Barclays commitment, Sir Denys sits on the board of RTZ, the world's biggest mining group. He was formerly a director of Dalgety.

Other senior ICI executives are directors of British Aerospace, Thorn EMI, Hawker Siddeley, Cadbury Schweppes, Costain Group and the Commercial Union Assurance Company. Mr David Barnes was on the board of British & Commonwealth, the financial services group which collapsed last year.

Just in case anyone thought it was taking the Hanson threat lightly, ICI has meanwhile engaged the services of three blue-chip merchant bank advisers to prepare a comprehensive defence package.

Schroders and SG Warburg, its two long-standing domestic financial advisers, are co-ordinating their ICI-related workloads in large degree, while Goldman Sachs – perhaps the most conservative of the Wall Street houses – is also beavering away quietly in the background.

Schroders' experience in major defences is particularly impressive, having defended Pilkington, Rowntree and Consolidated Gold Fields against headline-grabbing hostile bids.

It will be small comfort to ICI that Pilkington is alone among this trio in retaining its independence, with Gold Fields eventually surrendering to a revised £3.5bn offer from Hanson.

Warburg and Goldman Sachs were both among the quartet of merchant banks which advised BAT Industries when it fended off the £13.5bn bid by Sir James Goldsmith's Hoylake consortium last year.

Unlike ICI, Hanson appears to date to have confined itself to one merchant bank adviser – NM Rothschild, whose team is headed by Mr Russell Edey and Mr Bill Staple with the close involvement of Sir Michael Richardson.

It is, however, being assisted by three high-profile public relations advisers: Dewe Rogerson, Lowe Bell and Mr Brian Basham's Warwick Corporate.

In the great and good department the conglomerate has some impressive contacts of its own, although it is no match for ICI in the sheer breadth of its formal connections.

Perhaps the most intriguing member of the conglomerate's board is Mr Charles Price II, the former US ambassador to Britain, who is chairman and chief executive of Ameribanc, the Missouri-based bank holding company.

Mr Price, who joined the Hanson board on leaving US government service in 1989, is a director of Texaco, New York Times Co, United Telecommunications and British Airways.

The other two Hanson non-executives are Mr Rudolph Agnew, the former Consolidated Gold Fields chairman, and Mr Christopher Harding, chairman of British Nuclear Fuels. Mr Agnew's other directorships include Standard Chartered, the UK bank.

Hanson executives currently hold surprisingly few outside directorships, although the group says that such appointments are generally encouraged.

Lord White, who runs the US arm of Hanson's activities sits alongside Mr Price on the British Airways board. He and Lord King, the British Airways chairman, are old friends.

Mr Martin Taylor, the group's vice chairman and customary spokesman, is a director of Vickers. He also sits – like Sir Antony Pilkington – on the National Westminster Bank board.

Clearly, the ripple effect will extend into other boardrooms if a Hanson bid does in time emerge.

Sir Antony Pilkington, left, Sir Jeremy Morse and Paul Volcker of ICI line up against Charles Price II for Hanson

Red Dragon Radio chairman departs

By Jane Fuller

THE CHAIRMAN of Red Dragon Radio, which is 80 per cent owned by Mr Owen Oyston's Trans World Communications, has resigned amid complaints about Trans World's management.

Mr Theodore Shepherd said he was most unhappy about the role independent directors, representing the minority shareholders, were allowed to play. "I am unwilling that they act merely to rubber stamp decisions made by Trans World."

Four other non-executive directors have resigned with him, leaving only one local representative on the board. It used to have a dozen members from Trans World and the original Cardiff and Gwent broadcasting companies.

Mr Shepherd cited the recent removal of Red Dragon's managing director, Mr Neil Jones, as one bone of contention. Another was a lack of information about Trans World's debts and their impact on the minority shareholders' investment.

Trans World fell unto the red last year, hit by provisions against the Miss World contest. It had been burdened by debts of about £9m after the 1989 purchase of Piccadilly Radio.

No-one was available for comment at Trans World last night.

GPG pushes ahead by 33% to £3.6m

GPG, the investment company, yesterday reported a 33 per cent increase in pre-tax profits from £2.7m to £3.6m for the six months to end-March.

Shares of GPG, one wing of the former Guinness Peat Group, were suspended in December at 23p.

The group chaired by Sir Ron Brierley, the New Zealand entrepreneur, recently won support for a restructuring deal designed to restore GPG's Stock Exchange listing

NatWest to sell its French headquarters

By David Barchard

NATIONAL Westminster, the UK banking group, is to sell off the Paris headquarters of its French operations in the Place Vendome.

Announcing the move yesterday, the bank declined to comment on reports that Mr Robert Allemon, NatWest managing director in France, is to be replaced after a disagreement between him and head office in London over strategy.

"We do not comment on staff matters," directors said.

The sale of the bank's French head office, situated in the heart of Paris, could fetch between £60m and £80m.

NatWest emphasised yesterday that it is not withdrawing from the French market, describing France as a strategically important country for it.

"We are pursuing strategies to improve long-term profitability and growth," directors stated.

NatWest has been struggling to contain costs after its cost/income ratio, a key measure of a bank's efficiency, rose to just under 71 per cent last year, the highest figure in its history.

Eadie chairman resigns and gives trading warning

By Michiyo Nakamoto

MR RODERIC Mather is resigning as chairman of Eadie Holdings, a USM-quoted maker of specialist wire products, with effect from May 31, in order to pursue other interests.

He will be succeeded by Mr Peter Bromwich, a non-executive director.

Mr Mather announced his resignation at the annual meeting yesterday when he also warned that trading conditions in the transport and wire industries continued to be depressed.

In the year to December 31, the group reported a pre-tax loss of £502,000 compared with profits of £1.18m. Turnover fell to £23.32m (£25.42m) as demand for the group's transport equipment fell amid declining new truck registrations and equipment replacements.

In an effort to cut costs and reduce debt, the group merged two of its wire companies and sold its Alloy Wire subsidiary to its management in February. The final dividend is passed.

Hickson director quits earlier than expected

By Clare Pearson

MR MICHAEL Taylor has resigned as finance director of Hickson International four months earlier than expected in the latest boardroom upheaval at the chemical, timber protection and merchant distribution company.

Hickson announced the resignation at the end of last month but he had previously been expected to stay until the end of September.

Last November Mr Ken Schofield assumed the role of chief executive, taking over from Mr Tom Robson who became chairman after the resignation of Mr John Marvin.

The company yesterday said it could not comment on the earlier-than-expected departure of Mr Taylor, 44, who had worked for Hickson since 1986.

NEWS DIGEST

Castings second half slowdown

Castings finished the year ended March 31 1991 with an increase in pre-tax profit of 4 per cent, from £3.96m to £4.12m.

Turnover for the year came to £23.69m (£22.83m). Earnings rose to 13.35p (12.76p) and the interim dividend is 2.52p (2.4p).

GW Thornton lifts profit to £867,000

GW Thornton, which now focuses on specialist engineering activities, increased pre-tax profit from £735,000 to £867,000 in the half year ended March 31 1991. Turnover came to £5.80m, against £11.42m. Earnings worked through at 8.5p (7.1p) and the interim dividend is lifted to 2.25p (2p).

Perpetual edges up to £0.9m

Perpetual, the manager of UK and Jersey-based offshore unit trusts, lifted taxable profits by just 3 per cent, from £875,000 to £903,000, in the six months to March 31.

Earnings emerged at 2.37p (2.4p) and the interim dividend is again 0.8p. Sales were down to £60.28m (£68.62m).

James Dickie incurs loss of £57,000 in first half

JAMES DICKIE, USM-quoted forging and casting company, made a £57,000 pre-tax loss in the six months to February 28.

The deficit compared with profits of £38,000 for the half year to April 30 1990. It was struck from turnover of £16.21m (£13.6m). Exceptionals accounted for £90,000 (£192,000).

There was a nil tax charge (£106,000) which left losses per share at 0.9p (1.1p). The interim dividend is omitted – shareholders received 1.0125p previously.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 28.05.91 / Final Prices for Trading on 26.05.91

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.24	16.55	16.55
0100	16.12	16.57	16.57
0130	16.12	17.19	17.19
0200	16.24	23.42	26.54
0230	16.24	23.42	26.53
0300	16.12	16.87	16.87
0330	16.12	16.72	16.72
0400	16.12	16.59	16.59
0430	16.12	16.55	16.58
0500	16.12	16.58	16.59
0530	16.24	16.88	16.88
0600	16.24	16.86	16.86
0630	16.24	16.87	16.87
0700	16.41	19.31	19.31
0730	18.36	20.88	23.87
0800	18.81	23.46	26.61
0830	18.81	25.58	28.72
0900	19.05	25.59	28.72
0930	19.68	23.61	26.80
1000	19.66	23.50	26.69
1030	19.33	23.46	26.57
1100	19.33	23.46	26.57
1130	19.68	23.61	26.80
1200	20.88	29.77	33.00
1230	20.98	29.76	32.97
1300	20.98	28.73	32.83
1330	20.98	23.46	26.55
1400	19.93	23.44	26.54
1430	19.93	23.43	26.52
1500	19.05	23.43	26.52
1530	19.05	23.43	26.52
1600	19.83	23.44	26.54
1630	20.98	23.49	26.59
1700	21.00	23.52	26.61
1730	21.00	23.50	26.59
1800	21.00	23.47	26.58
1830	19.05	22.69	25.80
1900	18.81	21.84	24.74
1930	18.54	21.24	24.35
2000	18.54	20.76	23.89
2030	18.47	24.28	27.45
2100	18.47	24.28	27.42
2130	18.49	24.28	27.40
2200	18.49	24.28	27.41
2230	18.49	20.76	23.84
2300	18.47	19.85	22.72
2330	18.47	18.59	22.87
2400	18.47	18.59	18.59

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.80/MWh becomes 1.88p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined, approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

UK COMPANY NEWS

17% fall in national advertising revenue offsets local increase

Metro Radio falls 24% to £0.71m

By Jane Fuller

METRO RADIO, the USM-quoted commercial radio group based in Newcastle which last October won a £16m battla for Yorkshire Radio, reported a 24 per cent fall in pre-tax profit for the six months to March 31.

The bitterly fought takeover brought in four radio stations with a catchment area of more than 4m adults, nearly twice as many as in Metro's north-eastern stamping ground.

Taxable profit fell to £709,000 (£937,000) on turnover of £5.7m (£3.87m). Fully diluted earnings per share suffered a much steeper fall to 3.01p (5.84p) as the deal involved issuing 6.8m shares, taking the total to 16.4m.

Trading profit rose to £782,000 (£725,000) with the belp of £217,000 from YRN, where the advertising revenue was increased by 4.2 per cent to just over £2m.

Overall, a rise in local advertising revenue was offset by a 17 per cent fall in national income. Mr Neil Robinson, chairman and chief executive, said demand had been very low during the Gulf war.

Mr John Josephs, finance director, said net debt at the interim stage was about £2.5m, compared with £2.75m cash held in September. Net assets had been knocked back to £1m, reflecting a goodwill write-off of between £13m and £14m, including £1.2m bid costs, arising from the takeover. He expected gearing to be down to 100 per cent by next September following the sale of Yorkshire Radio's subsidiaries in Singapore.

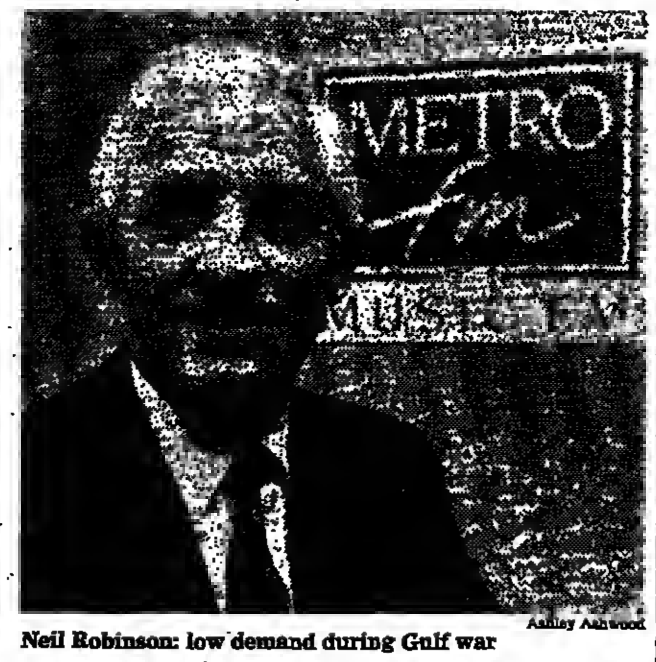
Apart from issuing shares, Metro had had to find nearly £7m in cash to fund the purchase of YRN, which beld less than £800,000 after incurring defence costs of about £700,000.

Matro had oet interest charges of £73,000 for the six months compared with £212,000 income in the corresponding period of last year.

The interim dividend is held at 1.5p.

● **COMMENT**

Although YRN's radio stations contributed the best part of £1.5m in pre-tax profit in 1988-89, they plummeted to a mere £42,000 at the trading level in the first half of last year. Metro'a efforts to boost sales have already effected something of a recovery, but there is a long way to go before the acquisition fully justifies a 70 per cent enlargement of share capital and the outlay of nearly £7m cash. Yet such is the potential for increased advertising spending to run through to tha bottom line, that this should look a good buy in two years' time. It will, however, test Metro's management as it tries to increase both audience and advertiser penetration in Yorkahire. Metro has scope for further local radio acquisitions groupings and may also play a part in one of the later national franchise bids. A forecast pre-tax profit of £2m this year puts the group on a prospective p/e of 20 on yesterday's close of 164p. The high rating reflects both recovery potential and illiquidity. Most of the equity is held by a few large investors, including Capital Radio, Chrysalis Group and TV-am.



Ashley Ashwood
Neil Robinson: low demand during Gulf war

$11.6m US purchase by Simon Engineering

By Maggie Urry

SIMON ENGINEERING, the engineering, environmeotal and industrial services group, is buying Hydro-Search, a US groundwater and environmental consulting business for up to $11.6m (£6.7m).

It is paying an initial $10.3m and op to another $1.3m depending on results for the year to end-July.

The business will form part of the environmental division which Simon formed in January. It bought four other US environmental companies in 1990 and last week declared unconditional an agreed £52m bid for Robertson Group.

Hydro-Search is based in Denver, Colorado and has offices in Wisconsin, Navada and California. Simon said it would fit in well with Robertson's offices in Texas, Oklahoma and California. In the six months to and January Hydro-Search made pre-tax profits of $705,000 on sales of $7m.

Simon's environmental business involves advising on treating industrial effluent, polluted water or sewage. In 1990 the division accounted for nearly 12 per cent of group trading profits.

FKI appoints Nthn Telecom director to strengthen board

By Jane Fuller

FKI, the engineering group which has suffered a series of setbacks since it merged with aod tben demerged from Babcock International, has moved to strengthen its board with tha appointment of Mr Arthur Walsb, non-execntive chairman of Northern Telecom Europe.

His appointment as a non-executive director of FKI follows tbe departure of Mr Tony Gartland as noo-execntive chairman, a post now filled by Mr Jeffrey Wballey, formerly depnty chairman.

FKI has disappointed since its £415m merger witb Babcock International in 1987.

In spite of extensive rationalisation, its share price fell and the move was unravelled in 1989. Part of that plan was to sell the US operations, but that fell through.

Since then, tbe US businesses bave beeo hit by troublesome contracts and weak demand, notably from tbe motor iodustry.

Mr Norman Scoular, FKI's chief executive, has spent a great deal of time in the US sorting out these problems.

When Mr Gartland resigned last month, he also placed a 5.5 per cent share stake.

His othar business interests include Gartland and Whalley Securities, in which he is a partner with Mr Whalley.

Mr Walsh, 64, was chairman and chief executive of STC, the telecommunications equipment manufacturer, prior to its £1.9bn merger with Northern Telecom of Canada last November.

He is the second appointment to the FKI board since Mr Gartland's departnre.

The other one, Mr Bob Murray, was joint founder and vice chairman of the Spring Ram bathrooms and kitchens group.

His current posts include chairing The Sovereign Capital Corporation and Snnderland Football Club.

Mr Walsh's arrival at FKI keeps up the inflow of former GEC executives.

Mr Scoular was managing director of various subsidiaries until his move to FKI in 1987 and another director, Mr Alan Baxter, was managing director of GEC-Alstbom's European awitcbgeer operation until early 1990.

Lowndes Lambert to seek listing

By Richard Lapper

LOWNDES Lambert, the specialist insurance and reinsurance broker, has confirmed that it is to seek a stock market listing in the summer, possibly during July.

The decision was made following discussions between management shareholders and the institutional investors who backed the group's management buy-out from Hill Samuel in 1988.

Lowndes Lamhert has appointed Kleinwort Benson Securities to advise on the flotation and act as a broker.

Lowndes Lambert is a marine, non-marine, aviation insurance and reinsurance broker specialising in professional indemnity, bloodstock and construction risk insurances.

For the year to March 31 1990 Lowndes Lamhert reported pre-tax profits of £5.1m, an increase of 59 per cent on the previous year. Turnover rose by 34 per cent to £46.1m. during the same period.

Unandited results for the year to March 31 1991 indicate that the group's growth in revenue and pre-tax profit has continued.

COMPANY NEWS IN BRIEF

ACKERS JARRETT, commercial vehicle contract hire and rental services group, has paid £6.25m for Truckrent. Vendor was Hartwell.

AMEC rights issue was taken up as to 49.95m new ordinary shares (87.8 per cent) and all the 6.95m shares not taken up have been placed at 214p per sbare. AMEC bas also strengthened its position in the power industry via the acquisition of the transmission division of Hawker Siddeley Power Engineering. No price was disclosed.

BRITISH LAND is continuing its retail expansion with the £21.5m purchase from Allders of three department stores in Chatham, Portsmouth and Hull in a sale and leaseback transaction.

CARLTON COMMUNICATIONS has terminated discussions with Chyron with regard to the possible acquisition of part of its business and assets.

CASTLE MILL has reached agreement to acquire 20 per cent outstanding balance of Fashion Accessories International, its clothing design and import snbsidiary. Consideration satisfied by tha issue of 1m new shares and £30,000 cash on completion. In the year to end-December 1990 FAI generated pre-tax profits of £387,000. At that date net assets, before payment of a special dividend, amounted to £810,000.

CHEMRING has paid £1.54m for Octavius Hunt, which makes smoke pesticides and specialist matches. Consideratioo will be met with 108,126 ordioary sbares, £500,000 secured loan notea, and £536,000 cash.

CITYVISION: Austrian subsidiary Cityvision Videotheken GES, is to pay Sch15m (£720,000) for 15 video film hire stores in Vienna from Video Paradies Gesellschaft and Argt Videothekenbetriebsgesellschaft, which will be operated as Ritz Family Video Stores.

COWAN DE GROOT: Wilton now owns over 47 per cent of tbe ordinary and 29 per cent of the preference shares. Offers extended until June 4.

DALGETY has confirmed the sale of its US produce interests for $28.7m (£16.5m) to a Californian-based investment group including senior management of the company.

EXPAMET INTERNATIONAL is selling Mayor Turnstiles to its management for a maximum £1.08m cash plus repayment of bank overdraft of £187,000.

FARNELL ELECTRONICS has bought the capital of the holding company of Cayson Engineering for £3.5m. Cayson supplies standby power systems to the telecommunications industry.

F&C EUROTRUST: Net asset value fell to 180.8p at March 31 against adjusted 196.9p a year earlier. Losses per share for six mooths to end-March came out at 0.3p (0.9p).

IMI is investing an initial £3m in expanding its fluid power operations in the Pacific with the opening of a new pneumatic equipment plant in Singapore.

GRAND METROPOLITAN is selling Wienerwald, its German branded chicken restaurant business, to the Wigast Organisation. The transaction is not material to GrandMet shareholder funds.

LONDON INTERNATIONAL Group has entered into a joint venture with Royal Industries Thailand to manufacture and distribute Kingtex and Durex condoms in Pacific markats. LIG's initial investment is £2m, giving it a 60 per cent share and operational control.

MANDERS has paid £600,000 cash to buy Millden Eagle from the administrative receivers. Millden makes decals and transfer markings.

MEZZANINE CAPITAL & Income Trust 2001: Net asset value per capital share 135.6p and per income share 106.1p at March 31. Net revenue for the year £2.38m (£2.24m) for earnings of 15.88p (14.95p). Final dividend maintained at 7.5p for an unchanged 14.5p total.

NORTHERN FOODS is buying Hildale Farms of Scissett, West Yorkshire, for £3.13m satisfied by £2.53m in cash and the balance in shares.

NORTH SEA ASSETS has bought Alpha Offshore Engineering and Management Services and 49 per cent of Alpha Services Norge for a total of £200,000.

NSM has sold its Bison Cellular Extrusions subsidiary to Rugby Group for £2.61m cash and the settlement of an intragroup loan of £1.49m.

PITTENCRIEFF is making a recommended offer of £1.51m for Owl Creek Investments to expand its oil and gas production in the US. The offer is one new Pittencrieff share for every 50 OCI shares, or 2.125p cash per OCI share, and acceptances have been received for 55.7 per cent of OCI.

SANDERSON Murray Elder rigbts issue bas beeo taken up to the extent of 91.8 per cent. Balance sold in the market.

SOUTHEND PROPERTY Holdings: ahareholders bava applied for 1.35m new ordinary shares, representing 9.47 per cent of the 14.22m shares in the open offer. The balance will be subscribed for by the conditional placees.

SYNAPSE COMPUTER Services has sold 81 per cent of Synapse Italia, its Italian subsidiary, to its management for L200m (£92,000) plus L114m (£53,000) in settlement of intercompany indebtedness.

UNITECH has sold 55,000 sbares in Nemic-Lambda through the market at Y10,218, raising £2.4m before tax and expenses; its bolding is now 51 per cent valned at £250m at current merket price and exchange rates. Next month Nemic will acquire the Israeli manufacturing and distribution companies from Lambda Electronics, a US subsidiary of Unitech.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
BLP § ....fin	nil	-	0.25	0.5	2
City of L'don § ....fin	2.05	July 24	1.86	3.09	2.81
Dickie (James) § ....int	nil	-	1.0125	-	1.0125
Metro Radio ....int	1.5	July 4	1.5	-	5.0
Monks Inv Trust ....fin	4.7	Aug 1	4.2	6.7	6
Rolfe & Nolan ....fin	3.5	July 25	2.7	5.6	4.3
Value Income Tst ....fin	1.35	-	1.2	2.7	2.2
Westland ....int	1.25	July 31	1.25	-	3.75

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

UK COMPANY NEWS

Members of Polly Peck creditors' committee named

By David Barchard

THE POLLY Peck creditors' committee meets today to consider details of the administrators' proposals for the group's future, approved last Friday by a creditors' meeting in London.

Members of the committee, which was elected at the meeting but whose composition was disclosed only yesterday, are Standard Chartered, Credit Suisse First Boston, Société Générale, Rabobank Nederland, and SG Warburg.

They will consider ways of managing the three strongest businesses in the group, PPI Del Monte, Sansui, and Vestel while selling off most other food, packaging and leisure operations in order to raise some of the £1.1bn the group's creditors are owed.

Eleven other creditors have been co-opted to the committee as non-voting members. They are Credit Agricole, Arab Banking Corporation, Friends Provident, Bayerische Vereinsbank, Banco Bilbao Vizcaya, National Bank of Canada, Postel, Fidelity Investment Services, Riggs AP Bank, Mr William Grosvenor, and First City, Texas.

The election of Mr Grosvenor, whose PR company Wheatsheaf acted for Polly Peck before its collapse, is something of a surprise. Mr Grosvenor said on Friday that he would try to represent suppliers and smaller creditors.

BOARD MEETINGS

TODAY

Interims- Carlton Communications, MEPC, North American Gas Investment Trust.

Finals- Chillington, East Surrey Water, European Colour, Gates (Frank G), Hunter Saphir, Mercury Asset Management, Mid-Kent, Optical & Medical, Ritz Design, Scott Pickford, Southnews, Warburg (SG).

FUTURE DATES

Interims-	
Bradstock	June 13
Chemex Intl	June 3
French (Thomas)	June 6
IAWS	May 30
London & Clydeside	June 11
Watson & Philip	June 13
Finals-	
Amersham Intl	June 11
BPB Inds	June 27
Barlo	May 31
Channel Express	June 4
Electrocomponents	June 5
GEI Intl	June 20
National Grid Co	June 11
National Grid Hldgs	June 11
Quadrant	May 31
Reed Intl	June 5
Rowlinson Securities	June 6
South Western Electricity	June 26
TDS Circuits	May 30
Vosper Thornycroft	June 11
Welpac	May 31

Rolfe & Nolan 27% higher at £1.5m

By Michiyo Nakamoto

BUOYANT trading in financial futures and options markets supported at 27 per cent increase in pre-tax profits to £1.45m at Rolfe & Nolan Computer Services, the computer software specialist, for the year to February 28.

The improvement came on turnover of £6.3m (£5.46m) which reflected firm demand for management and support services in the financial derivatives industry and strong new demand for specialist computer software services in continental Europe where the gronp has added nine new licence clients.

In contrast, sales to new customers in the UK remained flat as many participants either moved out of the market or turned to lower cost options in an attempt to rednce costs.

Recurring revenne from its bureau and facilities management and software snpport operations, which comprise 70 per cent of total group revenue, increased by 18 per cent to £4.39m (£3.72m).

Earnings per share rose to 17.7p (13.8p) and a final dividend of 3.5p is recommended, making a total of 5.6p (4.3p).

BLP in loss and plans disposal

BLP GROUP, a USM-quoted maker of wood laminates and mouldings, is selling its Berg subsidiary for £5.1m, writes Nigel Clark. The German company was bought two years ago for £14.5m.

The sale was announced at the same time as a fall into losses in the second half of 1990. The pre-tax loss for the year was £198,000, compared with profits of £2.1m on turnover 14 per cent higher at £54.63m (£48m).

Berg is being sold to a group of purchasers which includes Mr Gunther Berg, its founder and former owner. As a result BLP's gearing will fall from 60 per cent at the end of 1990 to 10 per cent.

BLP's profits of £468,000 (£1.7m) at the interim stage were said to have been almost entirely attributable to a good performance in Germany by Berg.

When the larger Berg was acquired in April 1989 it was greeted as an example of the spirit of 1992 and the single European market. BLP described the purchase as a quantum leap which required a doubling of its share capital.

The deal follows the sale last year of TBS for £1.75m to its former owners.

For the future BLP said that the short-term economic outlook remained difficult in the UK and US and it would not be realistic to expect a recovery during 1991.

Operating profit was much reduced at £684,000 (£2.39m) and the interest charge was almost trebled at £857,000 (£293,000). Losses per share came out at 0.88p (earnings 3.81p) and the final dividend is passed (0.5p) leaving a total for the year of 0.25p (2p).

Compensation limits Kelsey fall to 26%

Kelsey Industries' roofing business was badly hit by the recession and taxable profits fell 26 per cent in the half year to March 31.

Mr Brian Arbib, chairman, said he was certain that the year's result would be well below 1989-90, when pre-tax profit was £3.44m.

Including £350,000 compensation received following a claim against a supplier this time, interim profits worked through at £1.11m (£1.5m).

Turnover was £21.45m (£24.86m), reflecting a downturn in most of the companies.

Earnings per share were 19.5p (27.2p) but the interim dividend is held at 8p.

Pathfinders asks for share suspension

Dealings in Pathfinders Group have been suspended while the USM-quoted company is in negotiations over a sizeable acquisition.

It is having talks which may lead to the purchase of an unquoted food distribution company.

Monks Inv Trust net asset value up 4.3%

Net asset value per share of the Monks Investment Trust stood at 399.5p at the year ended April 30, a 4.3 per cent increase on the 383.2p 12 months earlier.

The trust made net purchases of £9m in south-east Asia and a further £10m in the UK. This was offset by net sales of £25m in the US, reflecting the weak economic background and relatively high valuation of the US market.

Earnings per share rose by 15 per cent to 7.48p (6.51p) and a recommended final dividend of 4.7p makes a 6.7p (6p) total.

Expansion at Fulcrum Trust

Lower interest rates and a positive contribution from the its dealing subsidiary helped Fulcrum Investment Trust lift net revenue for the half year to April 30 from £122,000 to £142,000.

Earnings per share were 4.42p (3.79p) and the interim dividend is 3.3p (3p).

Since November there has been a rise in net asset value per capital share of 28 per cent to 13.31p. At end-April 1990 it stood at 13.45p. Nav per income share was 43.35p (42.9p).

COMMODITIES AND AGRICULTURE

Brussels gains edge for coming CAP reform battle

By David Gardner in Brussels

LAST WEEK'S marathon farm Council yielded – at the 11th hour on Friday evening – a price-fixing agreement for this year that both agriculture ministers and the European Commission could live with.

But it gave Brussels a slight edge going into the mnch-heralded reform of the Common Agricultural Policy, talks on whicb sbould begin next month.

After negotiations lasting all week the Commission upbeld its position that this year's price package must stay within tbs ceiling of Ecu32.5bn ($39bn). Attempts to breacb this "guideline" – by 10 member states led by France – dominated three previous farm councils and one EC finance ministers meeting.

But the Commissioo softened considerably the cuts it unveiled on February 27, and last week's over 50 hours of negotiations required three different compromise papers to secure consensns. Brussels' main concessions were on:

● Cereals: The co-responsibility levy rises from 3 to 5 per cent (instead of 6 per cent as Brussels wanted). Farmers will be exempted from this production tax if they take 15 per cent of their land out of production for a year. Producers in existing five-year "set-aside" schemes with lower incentives will get the 2 per cent increase in the levy refunded. Farmers will get longer to sign up to the new scheme.

● Milk: The 2 per cent quota cut proposed by the Commission stays. But member states can restore part of the cut by buying up milk now for which they will be refunded from the 1993-97 budgets at a rate of Ecu10 per 100kg per year.

● Beef: The Commission has dropped its plan to abolish the "safety net". This obliges it to buy and stockpile unlimited amounts of beef once the price falls below 80 per cent of the intervention price. At current price lsvels this had meant that Ireland, for example, was selling over two thirds of its output directly into EC stockpiles. This mechanism is retained, but the price level which triggers it drops to 78 per cent of the intervention price on an EC-weighted basis, and 72 per cent in any one member state. In addition, the level to which prices have to fall before "ordinary" intervention buying takes place will be lowered by 4 per cent, not, as intended, by 8 per cent. Brussels will also crack down on the margins by which tenders paid to traders exceed the price actually paid to farmers.

● Sugar: Prices will be frozen rather than cut by 5 per cent.

● Oilseeds: Prices will be cut by 1.5 per cent instead of 3 per cent.

● Wine: Prices remain the same, but so too does aid to distill wine for storage, which the Commission had wanted to reduce.

● Tobacco: The average cut in snbsidy will be about 6 per cent – not 10 per cent as Brussels proposed, nor 15 per cent as it originally wanted.

● Pigmeat: The Commission has undertaken to re-examine the private storage aid system it closed down in February as an economy measure.

● Sbeepmeat: Prices will be cut by 2 per cent as planned, but beld over until next year and compensated by the more than doubling of the premium paid in disadvantaged areas.

These modifications amount to significant concessions to the EC's variegated farm constituencies. The Commission believes they will cost an extra Ecu800m. The increase will be funded, officials say, from savings on export subsidies as a result of the strengthening dollar, from slowing down payments and from management economies.

Bnt tbe Commission bas faced down a concerted attempt to raise the guideline. Altbougb CAP spending has increased by a record 30 per cent Mr Ray MacSharry has temporarily won the argument that there is little point spending even more than this on subsidising beef, cereals and milk that the EC can do nothing with except stockpile or dump.

The softened cuts amount to little more than a bolding operatioo. Tbe main impact, according to Mr MacSharry, will be to take 8m-10m tonnes out of next year's cereals barvest. This will almost certainly still come in at over the maximum permitted 160m tonnes, tbereby triggering an additional 3 per cent price cut, or "stabiliser", designed to penalise overproduction.

Politically, three elements should help the Commission's case for reform. Beef, butter, and cereals mountains will remain unsustainably higb. This overhang on the market will keep prices and incomes depressed, demonstrating that svan 30 per cent spending increases do not feed through to farmers under the present, skewed system.

Second, the price package establishes the link between price support and set aside whicb will remain one of the main features of a reform package designed to bring supply and demand into balance.

Third, the long battle over money may have been intended by some agriculture ministers to soften the Commission up ahead of the reform debete. But it now looks as tbougb it is tbey wbo have been left a little exposed. It will be more difficult for them to reject tbs reform package on the grouods that it will be more expensive.

Tbe Commisaioo got its result last week partly because Mr MacSharry threatened to take the price package out of farm ministers hands and send it to the Community's finance ministers. The agriculture ministers can expect to see Brussels trying to bring their finance colleagues – and, eventually, heads of government – more directly to bear on the farm policy reform debate.

Not only would the higher cost of a reformed regime need sanction at this higher level. It is in the Commission's interest to get a full examination of the overall effect of reform, including the impact on national treasuries, benefits to the environment, consumer gains, and not least, whether a remodelled CAP can unlock agreement in the Uruguay Round world trade liberalisation talks.

Alarm raised over EC plan to allow 'patents on life'

By Geoff Tansey

EUROPEAN FARMERS could be badly hit by plans to allow 'patents on life' due to be considered by the European Parliament's legal committee this week says Barcelona-based Genetic Resources Action International (Grain) in a report published today.

The European Commission's proposed directive on patenting biotechnological prodncts and techniques "could mean that farmers will have to pay royalties when they re-use for sowing seed which they have saved from the previous year's crop", says the report. Britain's National Farmers' Union also opposes the principle of royalties on farmer-saved seed.

If farmers can no longer use their bome-grown seeds for planting, as happens for about half the cereal needs in Europe, "and have to pay even higher royalties on patented seed every single year, the rise in price will inevitably be passed on to the consumer – or the taxpayer, should subsidies come into play," claims Grain.

It is incensed thet the committee is studying a three-year-old draft while it says the commission is keeping the npdated – and substantially modified – version close to its chest. "The whole exercise makes a mockery of democracy", claims Ms Renee Vellve of Grain. If the committes gives the go-ahead and the European Parliament approves the plan in July, the directive will go to the Council of Industry Ministers in whicb agricultural, environmental and Tbird World interests are not represented say Grain.

The European Patent Convention in 1973 explicitly excluded plants, animals and biological processes from patenting but the development of biotechnology has brought strong pressures for patent protection for their biotechnological products from European companies which fear they will loose out to the Americans and Japanese.

No longer will plant and animal breeders be able to use each other's techniques freely to bring new varieties to the market but will have to pay royalties to patentees, claims Grain. This will also disadvantage breeders lacking strong biotechnology programmes.

Species, genera, families and other categories of life – they as long as they were not called varieties – would also be open to legal owership, Grain says; and that could include human life. Grain fears the concentration of ownership of plants and animals by multinationals would lead to redneed species diversity and increase the vulnerability of food production.

Patenting Life to Become Legal in the EC – An assessment of the draft EC directive on biotechnology patenting; Grain, Apartado 23398, E-08080 Barcelona, Spain.

Wringing a bare living from Wordsworth country

The beauty of the Lake District imposes burdensome responsibilities on its hard pressed farmers

FARMER'S VIEWPOINT

By David Richardson

WILLIAM WORDSWORTH would have described the scene beautifully. It was, after all, only a few bundred yards from his famous bank of daffodils and just over the hill from Dove Cottage at Grasmere wbere be spent the greater part of his life. This year's crop of Cumbrian daffodils had disappeared, however, when I was there last week to look at the fells and the sheep and to talk to some of those who try to make their living from them.

On the afternoon in question I was half way up a fell near the Lakeland village of Glenridding. Below Ullswater glistened intermittently as tha wiod whisked woolly clouds across the sun. Above, beyond Stridiog Edge, Helveilyn reached 950 feet towards the sky and all around were ewes and oew-born lambs.

My host was Mr George Wilson who, with his brother and two other men, runs the 4,500-acre Glencoyne farm, one of the biggest hill farms in the Lake District. However, too much significance should not be attached to the number of acres, he told me. What really mattered was whether the land faced the sun and grew grass. Shaded rocks were no good for man nor beast, except to look at and admire.

Liks tbeir neighbours tha Wilsons' main entsrprise is sheep rearing, with a few breeding beef cattle kept on tbe stone walled paddocks around the house. The sheep flock is based on about 3,000 ewes, the majority being Swaledales with a few North Country Cheviots and Herdwicks.

The choice of sheep breeds in the Lake District is limited to those that are hardy enough to withstand the severity of the winters. On many of the farms owned by the National Trust, however, tenants are only allowed to keep one breed – the Herdwick.

The history of this restriction dates back to the days when Beatrix Potter and her family owned 16 farms in the Lake District. On the death of the children's aotboress, known locally as Mrs Heelis, most of these farms were left to the National Trust on condition that only Herdwicks were kept on the land in perpetuity. Other landowners followed ber example with the result that there are large areas of lakeland that still carry the picturesque brown and grey ewes and their black-fleeced lambs to the exclusion of improved and more prodnctive breeds.

Mr Wilson is fortunate. Altbough he is one of tbe National Trust's tenants his tenancy agreement gives him the freedom to introduce other breeds. He suffers just as his neighbours do, however, from farming in one of the most scenically attractive areas of Britain.

Eacb year, be told me, between 400,000 and 500,000 people walked across his farm. Most of them do not stick to the designated paths but that is not oecessarily a prohlem. It is a problem, however, when some of the walkers decide it would be fun to roll the rocks from the stone walls down the fells to see how far they will go.

Mr Wilson was convinced that the majority of offenders had no idea of the damage they were doing nor of the fact that the walls might have been built by Frencb prisooers taken during the Napoleonic Wars or even 400 to 500 years before that. There is evidence to suggest that the first stone walls were erected in the 14tb century.

It is the tenant's responsibility to maintain the stone walls that run across a farm and to ensure that they are in good enougb repair to contain livestock. But labour is oot so plentiful oor so cbeap these days and Mr Wilson says that the 12 miles of walls across Glencoyne farm are becoming too big a financial burden. The fact that it takes a man a day to build seven yards of wall puts that statement into perspective and demands among the farmers of the Lake District that the government or some other agency should take on the repair of stone walls are becoming steadily more strident.

Meanwhile the government, together with tbe EC, is already beavily involved in tbe agricultural economy of the area. Mr Wilsoo concedes that about 60 per cent of his income comes in a brown envelope from the Ministry of Agriculture.

Like all UK sheep farmers be qualifies from the annual ewe premium, which this year will amount to about £14.50 a head. In addition, because he lives in wbat is designated a Less Favoured Area, he receives a Hill Livestock Compensatory Allowance of 4 Ecus (£3.12) a ewe, 25 per cent of which is paid by the European Community and the rest by the UK government. And because his farm is classed as severely disadvantaged and he has to keep hardy breeds of sheep he will receive a further £8.75 a ewe. The aggregate effect of all this is that for every breeding ewe he keeps Mr Wilson will receive £26.37 from the governmeot. His other income, from sales of lambs and wool, is likely to be somewhat less than that figure. Lambs, about one from each ewe, sold as "stores" for finishing lower down the hill, made £24 each in 1989 but only £12 in 1990 because of poor demand caused partly by the UK drought and partly by tha French lamb war.

This year be hopes the price will be somewhere between those of the last two. Meanwhile the value of wool has fallen as a result of world (mainly Australian) overproduction and is unlikely to be worth more than £2 a fleece shorn.

The above average size of the Wilsons' enterprise enables them to stay solvent, although that only holds true while there is little or no borrowing and minimal interest charges to pay. Most of the farms in the area, bowever, can only carry 600 to 800 ewes and that makes profits more elusive, especially as tbey are only just being released from five years of restrictions on lamb sales imposed after the Chernobyl disaster.

To belp make ends meet many farmers' wives provide bed and breakfast for summer tourists and open cafes in their kitchens for passing walkers. One farm I visited offered B & B at only £12 a head – a bargain even if you slept in the barn. Whereupoo the National Trust increased the rent of the farm, which seemed an unjust and unnecessary tax on enterprise.

As farmers gather their sheep from the steep fells of lakeland Brussels must seem a long way away. Nevertheless they know only too well that their survival in business depends on decisions made there.

They are aware that last week's agreement on EC farm prices, which virtually held the status qno was only a prelude to the main event of CAP reform. They wonder, wben that happens, if the grants and guarantees on which they rely so heavily will be maintained or whether they will be thrown out in the interests of efficiency and the free operation of market forces.

The irony of their situation does not escape them. If their sheep did not graze the fells the whole nature of the Lake District would change. If they did not live there to provide bed and board and character to the area the tourists in their millions would find it less attractive and would doubtless complain.

The fact is that it is oot possible to turn lakeland into a museum. To keep it as attractive as it is it will be necessary for farmers to keep on farming it much as they have done for bundreds of years. And that will not be possible if most of the grants now paid for the production of sheep are withdrawn.

In microcosm the Lake District epitomises tha dilemma politicians must face wben considering future policies for tbe wbole of Britisb agriculture. The choice some say is betweeo a dynamic countryside in which British farmers produce perhaps 70 per cent of the food required by 56m people, and a gigantic theme park where rustic yokels demonstrate how they used to farm wbile supermarkets are stocked from overseas.

'No change' on rubber pact

MR ALDO Hofmeister, buffer stock manager for the International Natural Rnbber Organisation, has denied plans to step up price support buying following a reported agreemeot between delegates at a meeting bere last week, writes Lim Siong Hoon in Knala Lumpur.

He said that while prodocers felt intervention should begin as sooo as the 176 Malaysia/Singapore cents "may buy" level was breached there was no policy change. Last week's communiqoe in whicb Inro said it needed "more effective buffer stock intervention" had been interpreted by producers, to mean more support buying.

MINOR METALS PRICES

Prices supplied by Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,600-1,650 (1,630-1,670).

BISMUTH: Enropean free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.70-2.90 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 1.85-1.95 (1.95-2.10).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 14.20-14.65 (14.30-14.80).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 110-120 (125-135).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.46-2.52 (2.48-2.54).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 54-60 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 2.35-2.40 (same).

URANIUM: Nuexco exchange /value, $ per lb, U_3O_8, 9.30 (same).

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD PRICES rallied strongly in late afternoon trade as market talk of Middla East buying sparked heavy short-covsring in the US. The London bullion market price touched $361.50 a troy ounce – the highest level since April 18 – before closing at $361, up $4.95 from last Friday'e close. "No ona is sure of the buyer, but it looks to ba a Middla East bank", ona dealer said. He said tha price fell below $355 early in the afternoon before finding support. The easier dollar "added fual to the fire" he said. The dollar's fall also influenced the London Metals Exchanga's sterling-danominated copper price, which fell to a three-month low of £1,270.50 a tonne in tha cash position. Tha three months price was down still more sharply, by £30 to £1,288.50 a tonna. Although attention remained focused on labour relations at the Chilean Copper Corporation (Codslco), news that supervisors at El Salvador, the smallest of Codelco'a mines, producing 90,000 tonnes of cathodes a year, had rejected a pay offer and voted to strike had littla impact. Nickel closed sharply higher after rellying on nervousness ahead of the May 31 deadlina for labour negotiations at Inco, the western World's largest producer. Tha cash price rose $90 to $8,360 s tonna.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.00-6.15u	+0.10
Brent Blend (dated)	$18.90-9.05	+.175
Brent Blend (Jul)	$19.40-9.50	+.125
W.T.I. (1 pm est)	$21.25-1.30u	+0.15
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$246-248	+1
Gas Oil	$185-186	+0
Heavy Fuel Oil	$70-72	+1
Naphtha	$206-208	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$361.00	+4.95
Silver (per troy oz)♣	416.5c	+9.0
Platinum (per troy oz)	$389.00	-1.25
Palladium (per troy oz)	$98.50	-0.70
Aluminium (free market)	$1270	-5
Copper (US Producer)	105c	+1
Lead (US Producer)	35c	+2
Nickel (free market)	395c	+8
Tin (Kuala Lumpur market)	15.34r	
Tin (New York)	282c	-4
Zinc (US Prime Western)	62c	
Cattle (live weight)†	112.26p	+0.82*
Sheep (dead weight)†	144.80p	-41.45*
Pigs (live weight)†	84.02p	-6.77*
London daily sugar (raw)	$201.6q	-0.4
London daily sugar (white)	$302.5q	+3.0
Tate and Lyle export price	£223.5	
Barley (English feed)	£108v	
Maize (US No. 3 yellow)	£180.5	
Wheat (US Dark Northern)	£100	
Rubber (Jul)♥	53.50p	+0.25
Rubber (Aug)♥	54.00p	-0.25
Rubber (KL RSS No 1 Jun)	226.0m	-1.0
Coconut oil (Philippines)§	$330.0v	
Palm Oil (Malaysian)§	$317.5	+2.5
Copra (Philippines)§	$222.5v	
Soyabeans (US)	$159.0	-1.0
Cotton "A" Index	65.35c	
Wooltops (64s Super)	382p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jun/Jul t-Jun u-Jul v-Jul/Aug. x-Jul/Aug. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Aug	171.40	171.80	173.40	170.00
Oct	169.40	170.80	172.80	168.80
Dec	172.40	175.00	173.00	171.00
Mar	171.40	173.00	174.40	172.00
White	Close	Previous	High/Low	
Aug	290.5	290.0	294.5	289.8
Oct	258.0	258.0	261.5	257.0
Dec	252.0	250.0	253.5	253.5
Mar	251.5	250.8	253.9	251.0
Oct	251.0	247.5	249.1	

Turnover: Raw 514 (791) lots of 50 tonnes. White 1227 (1540)
Paris- White (FFr per tonne): Aug 1677, Oct 70.

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Jul	19.47	19.35	19.54	19.35
Aug	19.75	19.58	19.75	19.55
Sep	19.82	19.80	19.00	19.73
Oct	19.90	19.99	19.90	19.85
Nov	20.00	19.95	20.00	
IPE Index	19.68	19.26		

Turnover 8875 (8979)

GAS OIL – IPE			$/tonne	
	Latest	Previous	High/Low	
Jun	179.50	176.75	179.50	177.00
Jul	175.25	173.75	175.50	174.25
Aug	176.50	176.50	176.50	175.50
Sep	178.50	177.25	178.50	177.75
Oct	180.50	179.75	180.50	180.00
Nov	182.50	182.00	182.50	182.00
Dec	183.50	182.50	183.50	182.50
Jan	181.00	179.75	181.00	180.50
Feb	177.80	177.80	178.00	

Turnover 6101 (8926) lots of 100 tonnes

JUTE
C and I Dundee: BTC US$485, BWC US$510, BTD US$480, BWD US$485. C and I Antwerp: BTC US$470, BWC US$470, BTD US$445, BWD US$440.

COTTON
LIVERPOOL - Spot and shipment sales for the week ending 24 May 1991 amounted to 28 tonnes against nil in the previous week.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
May	585	592	581	571
Jul	598	606	606	597
Sep	627	636	635	626
Dec	665	674	669	663
Mar	698	706	700	695
May	719	729	722	710
Jul	741	750	748	740

Turnover: 2213 (3876) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 28 780.85 (775.42) 10 day average for May 25 780.40 (781.96)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
May	512	508	510	505
Jul	532	530	536	530
Sep	557	538	561	555
Nov	580	578	584	578
Jan	602	597	604	598
Mar	622	619	622	618

Turnover2720 (3223) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 24 : Comp. daily 66.10 (65.53). 15 day average 67.65 (67.80)

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Nov	87.8		88.0	
Apr	130.4	132.5	134.5	130.0

Turnover 139 (62) lots of 40 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Aug	129.00	129.00	
Oct	133.00	133.00	

Turnover 0 (40) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Jun	1688	1695	1700	1680
Jul	1560	1574	1585	1560
Oct	1640	1648	1650	1625
Jun	1640	1650	1650	1640
Apr	1508	1600	1600	
BFI	1734	1715		

Turnover 291 (381)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Jun	134.00	135.25	135.50	134.00
Sep	112.40	111.60	112.40	
Nov	115.25	114.60	115.35	115.10
Mar	121.90	121.15	121.75	
Barley	Close	Previous	High/Low	
Sep	109.60	109.35	109.70	109.50
Nov	113.45	112.10	113.60	113.30
Mar	118.70		118.60	

Turnover: Wheat 138 (213), Barley 104 (46). Turnover lots of 100 tonnes.

PIGS – London FOX		(Cash Settlement) p/kg
	Close	Previous	High/Low
Aug	116.5	116.0	116.0
Jan	106.0	104.8	105.0

Turnover20 (55) lots of 3,250 kg

MGMI – London FOX					
	Close	Prev.	High	Low	Vol
Index	137.94	138.31			
Jun	139.20	139.40	139.20		75
Jul	140.10	139.80	140.10	139.80	95
Sep	139.80	140.00	140.00	139.80	66
Dec	141.90	140.70	141.50	140.90	60

LONDON METAL EXCHANGE	(Prices supplied by Amalgamated Metal Trading)					
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 6,754 lots
Cash	1263-5	1269-70		1265-6		
3 months	1295-6	1299-300	1303/1396	1298-9	1266-7	84,684 lots
Copper, Grade A (£ per tonne)						Total daily turnover 23,883 lots
Cash	1270-1	1285-6	1280/1279	1279-80		
3 months	1288-9	1300-1	1304/1287	1296-7	1286-7	118,262 lots
Lead (£ per tonne)						Total daily turnover 2,334 lots
Cash	313-4	314-6		312.5-3.0		
3 months	325-5.5	326-7	325.5/324	324.5-25	324-4.5	13,808 lots
Nickel ($ per tonne)						Total daily turnover 1,861 lots
Cash	8355-65	8260-80	8255	8260-70		
3 months	8340-45	8250-70	8350/8250	8250-60	8310-11	12,956 lots
Tin ($ per tonne)						Total daily turnover 1,215 lots
Cash	5625-35	5680-90	5650/5640	5660-6		
3 months	5710-20	5755-60	5750/5700	5730-5	5700-05	6,940 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 3,002 lots
Cash	1071-3	1075-7		1072-2.5		
3 months	1087-8	1090-2	1090/1087	1087-9	1089-90	28,932 lots

LME Closing £/$ rate:
SPOT: 1.7427 3 months: 1.7199 6 months: 1.7030 9 months: 1.6888

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)		
Gold (fine oz)	$ price	£ equivalent
Close	360.75-361.25	
Opening	356.30-356.70	
Morning fix	358.30	205.716
Afternoon fix	355.65	205.045
Day's high	361.50-362.00	
Day's low	354.00-354.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.28	6 months	5.14
2 months	5.25	12 months	5.10
3 months	5.22		

Silver fix	p/fine oz	US cts equiv
Spot	234.50	405.90
3 months	241.00	411.75
6 months	247.20	417.75
12 months	259.70	431.60

GOLD COINS (Prices supplied by Engelhard Metals)		
	$ price	£ equivalent
Krugerrand	356.00-357.00	205.25-205.75
Maple leaf	364.00-365.00	210.00-210.50
New Sovereign	86.00-87.00	49.50-50.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jun	Jul	Jun	Jul
1200	87	114	4	18
1300	22	51	39	48
1400	2	17	118	112
Copper (Grade A)	Calls		Puts	
2150	57	111	18	48
2250	39	01	60	97
2350	11	29	131	164
Coffee	Jul	Sep	Jul	Sep
500	35	62	0	5
550	7	27	25	20
600	1	10	69	53
Cocoa	Jul	Sep	Jul	Sep
550	47	43		10
600	10	19	13	42
650	1	7	54	00
Brent Crude	Jul	Aug	Jul	Aug
1900				32
1950				
2000	10			

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
May	363.5	356.5	359.8	359.8
Jun	363.7	356.8	365.0	354.7
Jul	365.1	358.1	0	0
Aug	366.7	359.8	367.8	357.8
Oct	369.8	362.6	370.2	362.3
Dec	372.9	365.7	374.0	363.9
Feb	378.3	369.1	0	0
Apr	379.5	372.2	369.7	369.7
Jun	382.9	375.8	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jul	397.6	392.8	398.2	390.0
Oct	401.9	397.1	402.5	395.4
Jan	406.1	401.3	404.5	400.5
Apr	410.1	405.3	405.0	404.0
Jul	414.1	409.3	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
May	415.2	402.8	416.0	404.5
Jun	415.4	402.9	0	0
Jul	417.5	405.0	421.0	404.5
Sep	422.5	409.9	426.0	411.0
Dec	429.6	416.8	432.0	416.5
Jan	431.7	418.8	0	0
Mar	437.3	424.3	440.5	429.0
May	442.7	429.8	0	0
Jul	448.0	434.8	0	0
Sep	453.8	440.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	99.80	100.80	101.00	99.60
Jun	99.90	100.30	100.50	99.80
Jul	99.20	99.10	99.45	98.80
Aug	98.80	98.80	98.80	98.80
Sep	98.40	98.15	98.60	98.10
Oct	98.05	97.00	98.80	98.00
Nov	97.75	97.50	97.75	97.75
Dec	97.40	97.15	97.50	97.00
Jun	97.00	96.80	97.80	97.80
Feb	96.70	96.50	96.70	96.70

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Jul	21.01	21.19	21.40	21.22
Aug	21.32	21.22	21.36	21.23
Sep	21.33	21.26	21.37	21.26
Oct	21.36	21.34	21.40	21.32
Nov	21.38	21.40	21.45	21.38
Jan	21.34	21.38	21.42	21.33
Feb	21.33	21.31	21.33	21.31
Mar	21.25	21.25	21.20	21.20
Apr	21.18	21.20	21.20	21.10

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Jul	5625	5574	5650	5600
Aug	5705	5654	5730	5675
Sep	5845	5799	5860	5825
Oct	5945	5904	5960	5935
Nov	6040	5997	6050	6035
Dec	6135	6080	6140	6120
Jan	6150	6100	6100	6140
Feb	6060	6010	6060	6055
Mar	5860	5795	5865	5840

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Jul	984	992	991	978
Sep	1012	1020	1018	1006
Dec	1058	1062	1062	1050
Mar	1100	1104	1100	1095
May	1125	1130	0	0
Jul	1100	1100	0	0
Sep	1179	1187	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	86.30	87.00	88.30	86.50
Sep	88.75	89.25	90.40	88.75
Dec	92.05	92.30	93.50	92.00
Mar	95.05	95.50	96.50	95.10
May	97.85	97.10	98.10	98.10
Jul	99.30	99.40	99.50	99.30
Sep	100.75	101.85	101.00	100.75

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	8.05	5.10	8.22	8.05
Oct	7.64	7.72	7.81	7.63
Mar	7.75	7.84	7.90	7.75
May	7.85	7.93	7.90	7.85
Jul	7.00	8.09	8.10	8.09
Oct	0.07	8.23	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Jul	89.30	90.02	91.00	89.13
Oct	80.78	79.79	81.75	80.30
Dec	75.69	74.12	76.05	74.75
Mar	76.60	75.05	76.80	75.70
May	77.05	76.50	77.20	76.45
Jul	77.10	75.75	77.10	76.40

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jul	122.30	124.85	124.05	122.15
Sep	121.90	123.90	123.25	121.60
Nov	120.00	120.25	120.00	119.75

INDICES

REUTERS (Base: September 18 1931 = 100)			
May 28	May 24	mnth ago	yr ago
1719.9	1717.8	1731.2	1927.1

DOW JONES (Base: Dec. 31 1974 = 100)				
	May 24	May 23	mnth ago	yr ago
Spot	128.58	128.10	128.62	136.21
Futures	126.43	125.94	127.41	134.15

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jul	577/0	574/0	577/6	568/0
Aug	580/4	578/4	581/0	572/4
Sep	582/2	580/2	582/4	575/0
Nov	581/0	589/2	591/4	582/0
Jan	603/0	600/4	605/0	593/6
Mar	614/0	611/6	614/0	605/0
May	621/2	619/0	622/0	614/0
Jul	628/0	625/4	628/0	619/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jul	20.15	20.05	20.10	19.88
Aug	20.32	20.26	20.33	20.07
Sep	20.51	20.44	20.52	20.26
Oct	20.67	20.60	20.67	20.45
Dec	21.03	21.85	21.04	20.79
Jan	21.12	21.10	21.12	20.98
Mar	21.48	21.48	21.48	21.28
May	21.75	21.85	21.75	21.00

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jul	172.9	172.7	173.3	171.0
Aug	174.3	174.0	174.7	172.5
Sep	175.8	175.5	175.0	173.7
Oct	175.9	176.5	176.0	174.0
Dec	178.3	176.0	176.5	176.8
Jan	179.0	179.0	179.0	177.5
Mar	180.0	1179.5	180.0	179.0
May	180.5	186.0	180.5	180.5

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
May	257/4	260/6	259/2	253/4
Jul	246/6	250/2	249/4	243/2
Sep	245/6	249/2	248/4	242/2
Dec	245/2	249/2	249/0	241/6
Mar	253/2	256/6	255/2	249/4
Jul	262/4	265/6	264/0	258/6

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
May	015/4	321/0	319/0	314/0
Jul	291/2	311/6	292/2	289/0
Sep	299/4	302/2	300/4	295/0
Dec	011/6	315/2	313/4	307/4
Mar	318/2	322/4	320/0	015/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jun	76.12	76.05	76.17	75.80
Aug	74.10	73.87	74.15	73.70
Oct	75.72	75.45	75.75	75.42
Dec	76.20	76.00	76.32	76.00
Feb	75.67	75.47	75.85	75.50
Apr	76.25	76.00	76.50	76.10
Jun	74.80	74.60	74.90	74.65

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Jun	07.66	67.77	57.87	07.46
Jul	56.42	56.10	56.45	55.87
Aug	53.07	53.00	53.15	52.75
Oct	47.77	47.75	47.97	47.65
Dec	47.80	47.60	47.80	47.55
Feb	47.20	47.80	47.80	47.00
Apr	45.35	45.45	45.40	45.25
Jun	49.72	49.75	49.72	49.72

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jul	58.90	59.10	59.85	58.15
Aug	55.57	55.90	56.35	54.97
Feb	57.32	57.05	57.00	56.60
Mar	57.25	57.20	57.25	56.60
May	58.00	57.80	58.00	0
Jul	58.00	57.80	58.00	0

LONDON STOCK EXCHANGE

Shares edge higher in poor volume

POOR trading volume provided the chief, and virtually sole, feature yesterday of a UK stock market convinced that last Friday's cut in base rates may be the last for some time. The FT-SE Index managed a small gain, largely on the back of selective demand for pharmaceutical stocks. But the broad range of equities lacked direction, and even the ICI/Hanson situation began to lose its edge as City analysts assessed the regulatory hazards potentially involved.

The day's Seaq-reported trading volume of 288.5m shares fell well under average levels even for the languid markets of recent weeks, and contrasted sharply with the 436.9m recorded on Friday. Such leading stocks as ICI and BAT Industries struggled to record 1m-share turnover and many in the FT-SE 100 list failed to approach that level.

Account Dealing Dates		
*First Dealings:		
May 20	Jun 3	Jun 17
Option Declarations:		
May 30	Jun 13	Jun 27
Last Dealings:		
May 31	Jun 14	Jun 28
Account Day:		
Jun 10	Jun 24	Jul 8

*New-time dealings may take place from 8.30 am two business days earlier.

Share prices opened firmly behind Wall Street's double digit gain on Friday and, after momentary hesitation, extended their gains as Glaxo stood out in a well-supported pharmaceuticals sector. Unfortunately, drug stocks could not maintain their early advance.

For the remainder of the trading day, there was little to attract attention in equities. A promising start to the new Wall Street session brightened the mood in early afternoon, but by the London close New York was below its early best.

The final reading showed the FT-SE Index at 2,479.7, a gain on the day of 8.6 points. At this level, the UK market is comfortably inside the new trading range identified last week, when the Footsie mark of 2,450 was established as the lower end of the range.

There is less agreement as to the top end of the new range since this depends on views of the progress of the recession in the UK. At Kleinwort Benson Securities, the London based merchant bank, Mr Trevor Laugharne believes it will be difficult for the Footsie to move above 2,560 "unless Wall Street breaks loose or Hanson puts some money on the table".

Kleinwort agrees with some others in the UK market that the UK recession is still deepening and that there will be little relief until the third quarter of the year. "Recovery deferred", was the comment yesterday from another leading securities house.

However, the relative absence of selling last week when the market was struggling to hold FT-SE 2,450 underlines positive views about equities later this summer and into next year. By then, say the optimists, base rates will have been cut again and the government's showing in the public opinion polls should be improving.

There was little further response yesterday from the consumer and retail sectors to Friday's half-point cut in domestic base rates. GUS, a very thinly traded stock, edged higher, but there was no significant move from Marks and Spencer, the prominent high street retailer. Similarly, among the brewers, a gain in Guinness had nothing to do with views on retail spending.

The advances among the pharmaceuticals, however, reflected wider views in the marketplace. Drug stocks are seen as the most guaranteed recession-proof stocks in London, while their international characteristics has marked them out as the best investment means of spanning global stock markets. Also, UK drug stocks benefited from analysts suggestions that ICI might seek joint developments of spin-offs for its pharmaceuticals operations if it faces further aggressive action from the Hanson camp.

Guinness steady at close

GUINNESS was weak in steady trade and against the market trend. There were fears of a glut of stock as some analysts recommended holders of the company's unsecured loan stock and convertible preference shares to take the opportunity to convert into ordinary shares.

The annual conversion days are May 31 for the loan stock and June 3 for the preference shares. If all holders converted, there would be 90m new shares, an increase of about 10 per cent on the number currently in issue, according to Mr Mike McCarthy of Smith New Court.

There was some uncertainty, too, after a story emerged from the Paris stock market that Guinness might increase its 24 per cent stake in LVMH, the French luxury goods group. The arrangement between the two companies includes a clause that allows them to end their relationship after July 31. Guinness said yesterday: "This is a technicality. We have no intention of using that clause."

Finally, there was vague talk early in the session of a rights issue. This was dismissed by analysts, who pointed out that the company had recently been buying its shares.

Guinness was 11 lower at worst before recovering to end unchanged at 934p. LVMH rose 4.1 per cent in Paris.

Glaxo in demand

A renewed burst of enthusiasm for Glaxo pushed the shares 41 higher to 1228p, and accounted for half the day's rise in the FT-SE 100 index.

There was once again talk of the prospects for the company's new drug, ondansetron, which is likely to feature at a healthcare conference in Florence, Italy, on June 9. After trading closed, however, Glaxo tried to dampen speculation. "The market has perhaps got a little excited," Glaxo said. "It will be several years [to develop a marketable drug] even if all goes well."

Glaxo also found support, along with the rest of the drug sector, as analysts and investors considered how ICI might defend itself against a possible bid from 2.8 per cent stakeholder Hanson. Speculation centred on sales or part disposals of ICI's drugs business, which the City estimates to be worth £6bn to £8bn; ICI is strong in the cardiovascular area, where Glaxo is weak.

Analysts countered by pointing to Glaxo's avowed policy of going it alone, which suggested that any such deal was unlikely to involve Glaxo. SmithKline Beecham added 4 at 796p, having been 12 ahead at one stage, while Fisons, up 13 at the day's best, ended a net 2 up at 475p. One analyst suggested Sandoz, of Switzerland, should also be included in a list of possibles.

Gas busy

British Gas edged ahead to 243p on 3.2m shares traded as dealers reported a strong undercurrent of support for the shares ahead of Thursday's preliminary figures.

The range of analysts' forecasts of historic net income for Gas is from £1.1bn to £1.25bn, with the majority going for the top end of the range. There was general agreement among specialists that Gas will announce further job cuts, among a series of general cost cuts, as well as a better than expected dividend payment.

The shares had been upset by the regulatory review, but have picked up strongly in recent sessions amid suggestions of a higher than expected final dividend. Most broking houses are going for a 17 per cent rise in final dividend, to 8.55p, giving a total of 12.3p, also up 17 per cent. Yesterday there were hints that a total of 12.5p could be on the cards.

Utilities were mixed as the market awaited indications of the second round of book building for the sale of the two Scottish power generators. The two existing power generators were actively traded, with National Power a fraction easier at 139½p, on turnover of 7.7m, despite news that clients of Nomura, the Japanese-owned broking house which moved in as an aggressive buyer and accumulated an 8 per cent-plus stake in National within weeks of its flotation, had reduced its holding to 7.6 per cent, or 97.05m shares. PowerGen hardened to 146p on 5.2m. The Electricity Package moved up 8 to £2213.

Worries that Ofwat, the industry watchdog, may take a much harder line on charges in the event of what it perceived as excessive profits or dividend took the edge off the sector. The Water Package lost 13 to £3000.

P & O was depressed by talk of stock overhanging the market and slipped 8 to 580p. One trader said lines of 500,000 and 800,000 shares were hanging over the market and only the smaller block was traded.

A sluggish oils sector provided a handful of features in the exploration and production stocks, which were persistently sold for much of the session and closed at the day's lowest levels. Mr Philip Lambert of Kleinwort Benson said the E & Ps were "suffering from institutional indigestion" which would only be offset by "industrial liquidity" in the form of takeover bids in the sector.

Lasmo was prominent. It lost 8 to 317p on turnover of 1.3m shares, relatively high for the stock. Enterprise dipped 6 to 516p on a thin 73,000 shares. Lasmo featured strongly in the traded options market.

Ultramar was also given a rough ride, closing 6 down at 297p, with around 1m shares traded. One broking house was said to have been an aggressive seller, although there remained a number of supporters of the stock. Kleinwort Benson said the shares will respond to a tightening US gasoline market and also to what it describes as spectacular gas discoveries near Morecambe, north west England.

Positive assessments from both Kleinwort Benson and Smith New Court promoted buying of Courtaulds, up 4 at 393p. Mr Jeremy Chantry of Kleinwort raised his estimate of current year profits by £10m to £200m, which gives earnings per share of 37.3p on a higher tax charge. On a prospective rating of 10.4 times, Courtaulds looks good value, he said. Mr Charles Lambert of Smith changed stance, saying he would now look to buy on any further weakness in the shares.

A cautious annual meeting yesterday boded ill for Rolls-Royce. In relatively brisk volume the shares moved against the market to end 3 off at 148p. British Aerospace edged forward to 605p on vague talk that the group may be considering US trading links or even merger possibilities.

Industrial materials group Morgan Crucible gave ground to 235p, a loss of 5, in spite of a buy recommendation. Smith New Court said the latest rights issue had caused disappointment and, given the recent earnings performance, this was understandable. Nevertheless, the shares are not expensive, earnings should benefit from any strong recovery in 1992 and the yield is attractive, it added.

Cookson, another industrial materials maker, suffered continued weakness from the admission at Friday's annual meeting of the group's difficult trading climate. The shares closed 5 off at 113p with turnover boosted to 5.9m by a single transaction of 1m shares, effected at 112p. Smith New Court, however, believes that while the current year's outlook is very dull, 1992 should see the start of a strong recovery. It rates the stock a buy.

Laporte, the chemical group downgraded by Hoare Govett on Friday, relinquished 7 more to 526p. Analyst Mr Martin Evans advised clients to sell and he cut 1992 profit expectations to £117m from £130m.

Above-average business again developed in Medeva, the pharmaceuticals company which last week revealed details of a 45m-share placing at 126p each to finance US expansion. After trading volume of 2.7m, the stock was 8 up at a 1991 high of 156p.

Two large share trades drew attention to the possibility of a stake changing hands in American Trust. One involved 8.3m shares, some 10 per cent of the issued equity, at 173p and the other 3m at 170p. The Merchant Navy Officers' Pension Fund holds 8.4 per cent of AT, while General Accident owns nearly 15 per cent; the Coal Board Pensions' Funds hold almost 14 per cent. American Trust eased a penny to 174p.

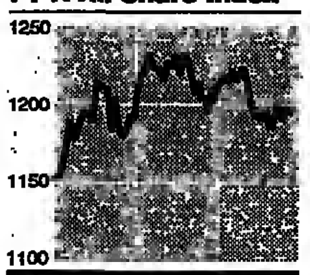
Ratners, the high street jewellery chain, lost 9 to 154p after Carr Kitkat & Aitken lowered its estimate for the company's end of year profits.

Some observers argued it was too early to evaluate a company which traditionally does 90 per cent of its business in the two months before Christmas, but Mr Tony Cooper of Carr said his cut by £18m to £106m was based on the UK economy and its effect on the retail sector.

Asda was unaltered at 109p on a heavy turnover of 12m shares. Traders said one securities house bought 3m shares after the close of trading on Friday at 104p and sold a block of 3m yesterday at 106p.

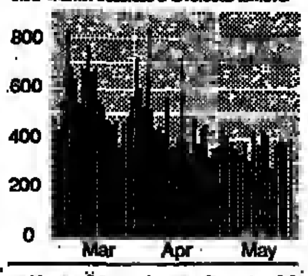
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 23.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (79).
BRITISH FUNDS (11) Exch. 11pc 1991, Treas. 8pc 1991, Treas. 8pc 1992, Treas. 10pc 1992, Treas. 10pc 1993, Treas. 2pc I-L 1992, Treas. 2pc I-L 1994, Treas. 2pc I-L 1996, Treas. 2½pc I-L 2001, Treas. 2½pc I-L 2003, Treas. 2pc I-L 2006, AMERICANS (1) Hasbro, CANADIANS (3) BC Gas, Brascan, Hudson's Bay, BANKS (1) Brown Shipley, BREWERS (2) Young Brew A, Do. Non-Vtg., CHEMICALS (4) Bayer, Cambridge Isotope, Hoechst, Schering, STORES (3) Amber Day, Jacques Vert, ELECTRICALS (3) Domino Printing, Elec. Data, Philips Lamps, ENGINEERING (1) Atlas Copco B, FOODS (3) Nestle (Br), Do. (Reg), Sims Food, INDUSTRIALS (12) Astra AB, Bodycote, CRT, Carbo, Electrolux, Glaxo, Macarthy, Medeva, Portmeirion Pots., Quadrant, Serco, Stora B Free, INSURANCE (1) Skandia, LEISURE (2) Classic Th'breds, Intl. Resort, MOTORS (1) Volvo B, PAPERS (3) Delyn, Jarvis Porter, Usher-Walker, TEXTILES (2) Lamont, Parkland A, TRANSPORT (2) Bergesen A, Dassongroup, TRUSTS (13) Archimedes Inc., Fleming Fledgeling, Fulcrum Inc., Latin American, Do. Warrants, Law Debenture, M & G Dual Inc., Mezzanine C & I, Mid Wynd, Murray Smaller Mkts., New Throg Inc., Personal Assets, Tor, OILS (2) Atlantic Res., New London, MINES (6) Elsburg, Gold Fields S.A., Impala Plat., Libanon, Northam Plat., Precious Metal Acpt.
NEW LOWS (28).
BANKS (2) Ansbacher (H), Mitsubishi, BREWERS (1) Merrydown Wine, BUILDINGS (6) NSM, Prowting, Turriff, Westbury, Westminster Scaffg., ELECTRICITY (1) First Technology, ENGINEERING (1) Dickie (James), FOODS (2) Ashley, RHM, INDUSTRIALS (4) Clearmark, G.C.F., Gestetner, Worthington (A.J.), INSURANCE (1) Sturge, LEISURE (2) Anglia TV, Quadrant, PROPERTY (5) Greycoat, Hanover Druce, McInerney, Peel, Trencherwood, TRUSTS (2) Govett Am., Endeavour, OILS (2) Blackland, Teredo Petm., MINES (1) Placer Pacific.

FINANCIAL TIMES STOCK INDICES

	May 28	May 24	May 23	May 22	May 21	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	84.90	84.24	84.47	84.49	84.37	78.16	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.45	93.41	93.48	93.49	93.41	87.24	94.84 (6/4)	90.69 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1937.0	1932.5	1845.4	1933.4	1942.5	1823.3	2014.5 (5/4)	1606.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	165.0	165.9	164.4	165.9	158.2	215.7	179.7 (14/1)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2479.7	2471.1	2482.8	2465.9	2482.7	2295.6	2545.3 (5/4)	2054.8 (16/1)	2545.3 (5/4/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1171.18	1165.34	1168.06	1165.21	1162.66	-	1176.39 (15/4)	938.62 (16/1)	1176.39 (15/4/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.82	4.84	4.92	4.95	4.93	5.08				
●Earning Yld %(full)	8.64	8.67	8.59	8.65	8.94	11.43				
●P/E Ratio(Net)(*)	14.28	14.20	14.33	14.23	14.30	10.58				
SEAQ Bargains 4.45pm	23,221	25,274	24,000	27,335	28,172	21,835				
Equity Turnover(£m)†	-	802.21	830.41	888.24	726.73	809.09				
Equity Bargains†	-	24,270	23,293	27,344	25,526	22,945				
Shares Traded (ml)†	-	301.5	373.4	407.0	371.5	338.5				

[illegible] Ordinary Share Index, Hourly changes — Day's High 1938.7 — Day's Low 1933.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1935.8	1937.6	1933.4	1934.5	1937.0	1936.9	1938.1	1938.1	1937.4

FT-SE 100, Hourly changes — Day's High 2482.5 — Day's Low 2475.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2476.9	2479.3	2475.9	2477.1	2479.9	2479.7	2480.8	2478.8	2479.4

FT-SE Eurotrack 200, Hourly changes — Day's High 1172.10 — Day's Low 1168.03

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1169.37	1168.22	1168.50	1168.83	1170.26	1171.06	1170.99

GILT EDGED ACTIVITY

Indices*	May 24	May 23
Gilt Edged Bargains	102.6	75.4
5-Day average	90.2	89.4

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
AGT	[illegible]	[illegible]	[illegible]
BP	4,000	221	+1
British Steel	3,000	126	−½
British Telecom	2,000	376	
Bunzl	448	84	−5
Burmah Castrol	70	534	+1
Burton	2,300	74	−1
Cable & Wire.	1,800	501	−1
Cadburys	619	362	+2
Calor Group	162	202	
Carlton Comms.	74	436	−4
Coats Viyella	879	141	−3
Comm. Union	1,500	498	+5
Cookson	5,900	113	−5
Courtaulds	416	393	+4
Inchcape	74	524	−1
Kingfisher	691	471	−2
Ladbroke	1,400	269	+2
Land Securities	510	513	−1
Laporte	101	526	−7
Legal & General	707	420	
Lloyds Abbey	262	302	+1
Lloyds Bank	528	345	+6
LASMO	1,300	317	−8
London Elect.	269	212	+1
Lonrho	1,100	246	−3
Lucas	297	154	−1
MB Caradon	180	218	−4
MEPC	28	495	
Reuters	251	865	+6
Rolls Royce	3,500	148	−3
Rodamco	21	867	
Ryl Bk Scotland	615	178	
Royal Insurance	385	498	+4
Saatchi	3,200	18½	
Sainsbury	481	373	
Scottish & New.	528	308	+2
Sears	3,300	80	−1
Sedgwick	216	246	+1
Seeboard	2	211	−1
Severn Trent Water	914	283	−1
Shell Transport	2,000	504	+2
Siebe	17	300	−2
Utd. Newspapers	312	344	
Water Package Uts.	1	£3000	−13
Wellcome	546	389	−2½
Welsh Water	10	320	−1
Wessex Water	259	333	−2
Whitbread 'A'	1,160	495	+2
Wiggins Teape	508	239	
Williams Hldgs.	445	284	−2
Willis Corroon	654	288	+1
Wimpey	334	199	−3
Yorkshire Elect.	121	244	
Yorkshire Water	283	324	−4

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

EQUITY FUTURES AND OPTIONS TRADING

BANK holiday lethargy hung over the derivative markets yesterday and a strong opening on Wall Street failed to save them from one of the quietest days this year.

On the Liffe, the June FT-SE 100 contract climbed to a premium against the underlying index when Wall Street opened. However the US market faltered later in the afternoon and dealers took profits when the FT-SE future was 15 higher than the equity index – six points above the estimated fair value.

The June future closed at 2,491.5, just above fair value, on low turnover of 2,024. The September future, which began to be traded at the end of last week, saw around 100 lots dealt as investors rolled into the late expiry contract.

Business on the traded options floor was also desultory. Only two equity options saw more than 1,000 contracts traded. Racal was busy as investors took a bullish stance ahead of the company's expected June 12 announcement about demerger proposals.

One securities house sold 500 August calls, contracts that gamble on the stocks rising, to buy 500 May calls in the hope that the underlying shares would rise this week.

Volume in the FT-SE option was low and total turnover was well below the norm at 16,123 – evenly split between puts and calls.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99⅞	98⅞	Treas 10pc Cv '91 ‡‡	99⅞	.....	10.02	11.23
100⅛	99⅛	Exch. 11pc 1991	100⅛	+⅛	11.00	[illegible]
98⅞	96⅞	Treas. 8pc 1991	98⅞xd	+⅛	8.11	[illegible]
101½	100⅞	Treas 12¾pc 1992‡‡	101⅛	.....	12.58	[illegible]
99⅞	97⅞	Treas 10pc 1992	99⅞	+⅛	10.09	[illegible]
98	95⅞	Treas. 8pc 1992 ‡‡	98	.....	8.16	[illegible]
100⅛	98½	Treas 10½pc Cv 1992‡‡	100⅛	+⅛	10.49	[illegible]
95⅛	91⅞	Treas. 3pc 1992	95⅛xd	+⅛	3.15	[illegible]
102⅛	100⅞	Exch. 12¼pc '92	102⅛	+⅛	12.00	[illegible]
104⅞	102⅞	Exch 13½pc 1992	103⅞	+⅛	13.01	[illegible]
96⅞	94	Treas 8¾pc 1993	96⅞	+⅛	8.51	[illegible]
99⅛	97⅞	Treas 10pc 1993‡‡	99⅞	+⅛	10.03	[illegible]
104⅞	102⅛	Treas 12½pc 1993‡‡	104⅛	+⅛	11.98	[illegible]
93⅛	89⅝	Funding 6pc 1993‡‡	93⅛	.....	6.43	[illegible]
108⅛	105⅝	Treas 13¾pc 1993‡‡	107⅞	+⅛	12.79	[illegible]
96	92⅞	Treas. 8½pc 1994	96	+⅛	8.85	[illegible]
111⅛	108⅞	Treas 14½pc 1994‡‡	110⅛	.....	13.17	[illegible]
109	105⅞	Exch 13½pc 1994	107⅞	.....	12.51	[illegible]
99⅞	96⅞	Treas. 10pc Ln. 1994‡‡	99⅞xd	+⅛	10.04	[illegible]
106⅞	103⅝	Exch. 12¼pc 1994	105⅞	.....	11.80	[illegible]
96⅞	93⅛	Treas 9pc 1994‡‡	96⅞	+⅛	9.32	[illegible]
106⅞	102⅞	Treas 12pc 1995	105⅛	+⅛	11.40	[illegible]
89	82⅛	Exch 3pc Gas 90–95	88⅛	.....	3.38	[illegible]
100⅞	96⅞	Exch. 10¼pc 1995	100⅛	+⅛	10.24	[illegible]
109⅞	105⅞	Treas 12¾pc 1995‡‡	108⅝	+⅛	11.74	[illegible]
113⅞	109⅞	Treas. 14pc '96	112⅝	+⅛	12.46	[illegible]
96⅞	92⅞	Treas. 9pc 1992–96‡‡	96⅞	+⅛	9.33	[illegible]
119⅞	116⅞	Treas 15¼pc 1996‡‡	117⅞	+⅛	12.94	[illegible]
112⅛	108	Exch 13¼pc 1996‡‡	110⅞	+⅛	11.98	[illegible]
		Five to Fifteen Years				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
98⅞	92⅞	Treas 9¾pc 2002	95⅞	+⅛	10.16	10.36
100⅞	94⅞	Treas 10pc 2003	97⅞	+⅛	10.24	10.33
108⅛	102	Treas. 11½pc 2001–04	105⅞	+⅛	10.89	10.55
58⅞	53⅛	Funding 3½pc '99–04	57⅛	+⅛	6.10	9.14
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Undated				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Index-Linked				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for September 1990: 129.3 and for April 1991: [illegible]

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
102	95¾	African Dv Bk 11¼Ln 2010	99¼	−⅛	11.20	11.21
97⅞	91¾	Asian Dev Bk 10¼pcLn2009	95⅞	−⅛	10.77	10.85
112⅞	105⅞	Inter-Am Dev Bk 12½pc 2003	109⅞	.....	11.39	10.99
92⅞	86⅞	Do. 9¾pcLn 2015	89⅞	−⅛	10.84	10.94
121	101	[illegible]	121	[illegible]	13.64	13.34

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
90	84½	Sth Rhod 87–92 Assd	90	.....	–	–

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
104⅛	102⅛	[illegible] 1991	103⅛	.....	–	5.45
107	104	[illegible]	106⅛	.....	–	4.97

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	53	.....	5.77	9.70

FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

APPOINTMENTS

Changes at Yamaichi Securities

■ Mr Taro Yamada is returning to Japan to become head of YAMAICHI SECURITIES CO capital markets division. He is senior managing director in charge of Europe and the Middle East, and chairman of YSC's London operation, Yamaichi International Europe.

Mr Yamada's present responsibilities will be shared between Mr Hitoshi Ishihara, deputy president of YSC and Mr Haruo Sato, managing director and head of YSC's international division, with Mr Ishihara becoming chairman of YIE and Mr Sato becoming managing director for Europe and Middle East.

■ The VINIBERIA group, wine shippers, has appointed Mr Bill Page as joint managing director from June 1. He joins from his own company, Page Wine Agencies, which will now form part of the group. He was managing director of Grants of St James wine division, and of Italvini.

■ Professor Tom Patten has been elected president of the INSTITUTION OF MECHANICAL ENGINEERS. He is a consultant specialising in offshore technology, non-executive chairman of Sealand Industries, and a non-executive director of Pict Petroleum, Melville Street Investments, and Marine Technology Directorate.

■ Mr Christopher Souter has been appointed a logistic support manager with Tyneside shipbuilder SWAN HUNTER. He formerly ran his own business, Souter Ship Spares.

■ THE INCORPORATED SOCIETY OF BRITISH ADVERTISERS proposes to elect as president on July 3 Sir Graham Day, chairman of Rover Group, and of Cadbury Schweppes.

■ The Treasury has appointed Mr F.E. Worsley as a part-time member of the BUILDING SOCIETIES COMMISSION. He is a past president of the Institute of Chartered Accountants in England and Wales, chairman of the Financial Training Co, and a public interest director of Lautro.

■ Mr Ian R. Payne, a director of Fleming Investment Management, has been appointed as an adviser to THE CHARITIES OFFICIAL INVESTMENT FUND, and the LOCAL AUTHORITIES' MUTUAL INVESTMENT TRUST.

■ UNITED ARTISTS CABLE INTERNATIONAL, UK subsidiary of United Artists Entertainment Company based in the US, has appointed Mr Bruce Smith as vice president, marketing. He was chief operating officer with United Artists Programming.

Mr Alistair J. Beeston (pictured) has been appointed director of group credit at LOMBARD NORTH CENTRAL, finance house subsidiary of National Westminster Bank. He will be responsible for credit approval, default and recovery administration across the Lombard group. Mr Beeston was director of corporate finance, corporate and institutional finance, at NatWest.

■ BARIS HOLDINGS has appointed Mr Bill Thompson as finance director. He was finance director of Peter Pan Toys.

■ Elected for a three-year term as members of THE ENGINEERING COUNCIL are: Professor Colin Andrew, professor of manufacturing engineering, Cambridge University; Sir Colin Chandler, managing director, Vickers; Mr Michael Hoffman, chief executive, Thames Water; and Mr Norman Penny, senior manager, private services, BT Business Communications.

■ Mr R.B.M. Way, chairman of SYKES-PICKAVANT GROUP, assumes the additional role of chief executive on June 1. Mr P.S. Farnell, group managing director, is leaving the group to pursue other interests.

■ LUCAS has appointed Mr Ian Webb as general manager, UK distribution. He was with Unipart.

Mr Magne Seljefiot (pictured) has joined ALEXANDER & ALEXANDER MARINE & ENERGY as deputy chairman, business development, based in London. He was senior vice president of the oil and energy division of Storebrand International in Oslo, Norway.

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AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30⅛	20¾	Abbott Laboratories‡	29⅛	.....	[illegible]	–	2.0
363p	257p	♥Allegheny & W 1c	325p	–6	[illegible]	–	5.5
980p	667p	Amdahl 5c	931pxd	+17	[illegible]	–	0.6
37⅜	25⅛	Amer. Cyanamid $5	37⅛	+⅛	[illegible]	–	2.4
17⅞	9⅞	Amer. Express 60c	13⅛xd	.....	[illegible]	–	4.1
22⅞	13⅝	American T. & T. $1	20⅝xd	.....	[illegible]	–	3.8
38⅞	32½	Ameritech $1	33⅝	+¼	[illegible]	–	3.6
23¼	12⅞	BankAmerica $1⅞	22⅛xd	.....	[illegible]	–	3.2
29⅝	20⅞	Bankers N.Y. $1	28⅞xd	.....	[illegible]	–	10.2
29⅝	24¼	Bell Atlantic $1	26⅛xd	.....	[illegible]	–	5.3
31¼	25	BellSouth Corp.	27¾	+⅛	[illegible]	–	5.7
[illegible]	6⅞	♥Bethlehem Steel $8	[illegible]	.....	40c	–	2.8
1536p	1046p	Bowater Inc	1512p	+58	$1.20	–	4.7
8⅝	4½	Brunswick 75c	7¼xd	.....	44c	–	3.4
52¼	37⅜	CPC Intnl. 25c	50⅞xd	.....	$2.00	–	2.4
852p	420p	California Engy.	736p	+10	–	–	–
50	28¼	Campbell Soup 15c	46⅛xd	.....	$1.16	–	1.5
11½	3⅞	Chase Manhattan $12½	18⅞xd	.....	$1.20	–	6.8
8⅜	5⅛	Chrysler $6¼	7⅜xd	.....	60c	–	4.9
9⅝	5⅞	Citicorp $1	8⅜xd	.....	$1.00	–	6.6
24¼	21⅞	Colgate-Palmolive $1	22⅝xd	.....	$1.06	–	2.7
830p	438p	Cont'l Bank Corp $4	787p	–12	$1.00	–	7.5
19¼	13⅞	Dana Corp. $1	10⅛xd	.....	$1.60	–	5.0
1056p	203p	Data General	960p	+10	–	–	–
20⅝	12⅞	Dial Corp. $1.5	28⅛xd	.....	$1.32	–	4.1
29	20¼	Dun & Bradstreet $1	26⅞	+⅛	$2.16	–	4.7
35⅜	24¼	Eaton Corpn. 50c	31⅝	+¼	$2.20	–	–
7½	3½	Echlin Inc.	6⅝xd	.....	70c	–	6.2
18⅝	14⅞	FPL Group 1c	18⅛xd	.....	$2.40	–	7.8
28⅜	17⅞	Fluor Corp 62½pc	27⅛xd	.....	32c	–	0.7
19¼	13¼	Ford Motor $1	10⅞xd	.....	$1.60	–	3.1
43⅜	28⅛	Gen. Elect. 63c	41⅝	.....	$2.04	–	2.9
477p	270p	♥General Host Corp $1	469p	+1	34c	–	4.3
45¼	13¼	Gillette $1	21⅛xd	.....	62c	–	1.7
91p	35p	Gt American Bank $1	43p	.....	–	–	–
		For Greyhound Dial Corp. see Dial Corp.					
17¼	794p	Hasbro Inc 50c	17¼	+⅛	24c	–	0.8
36½	21¼	Honeywell $1½	32¼xd	.....	$1.50	–	2.7
22⅝	17⅜	Houston Inds.‡	21⅝	+¼	$2.96	–	8.2
72⅜	55⅞	IBM Corpn $1¼	60⅛xd	.....	$4.84	–	4.7
28⅜	18⅞	Ingersoll-Rand $2	26⅞xd	.....	$1.32	–	3.0
26¼	16⅛	Lockheed Crpn. $1	24⅛xd	+⅛	$1.80	–	4.4
24⅝	18⅞	Louisiana Land 15c	20⅝	.....	$1.00	–	2.9
2000p	1245p	Lowe's 50c	1784p	+71	52c	–	1.7
16⅛	9½	Manuf. Hanover $1	13⅜xd	.....	$3.28	–	13.9
24⅞	10⅞	Merrill Lynch $1	13⅛xd	.....	$1.00	–	2.7
10⅞	11⅛	Molex Inc.	15⅞	.....	4c	–	0.1
31½	21⅜	Morgan (JP) $2½	30⅛xd	.....	$1.98	–	3.9
40⅞	25⅞	Morris (Philip)	30⅝xd	.....	$1.72	–	2.6
43¼	39	NYNEX $1	40⅛	+1¼	$4.56	–	6.6
89p	42p	♥Pac. Agricultural	42p	.....	–	–	–
21¼	11⅞	Pall Corp 25c	28⅝	+½	h44c	–	1.2
44½	33¼	Pennzoil 83 1/3c	38⅛xd	.....	$3.00	–	4.6
34½	24⅞	Quaker Oats $5	32⅜xd	.....	$1.56	–	2.8
36⅞	24⅜	Rep NY Corpn $5	33⅛xd	.....	$1.40	–	2.5
16⅝	12⅛	Rockwell Intl. $1	15xd	.....	86c	–	3.6
21⅞	12⅞	Sears, Roebuck 75c	22⅛xd	.....	$2.00	–	5.3
32	25⅝	Southwestern Bell $1	28⅛xd	+¼	$2.84	–	5.8
20¼	14⅞	Sun Co. Inc. $1	18⅞xd	.....	$1.80	–	3.8
26⅜	21⅛	Tenneco $5	24⅛xd	.....	$3.20	–	7.2
40½	29⅛	Texaco $6.25	36⅜xd	.....	$3.20	–	5.1
26¼	17¼	Texas Instr. $1	21⅛xd	.....	72c	–	2.0
71½	41⅞	Time Warner $1	65⅜xd	.....	$1.00	–	0.9
14⅛	8⅝	TRINOVA Corp.	12⅜xd	.....	68c	–	3.1
19⅞	14¼	USX $1	19⅛xd	.....	$1.40	–	4.3
390p	250p	♥UniLab	390p	.....	–	–	–
27½	22¼	Utd. Technologies	25⅛xd	.....	$1.80	–	4.2
60p	42p	♥Utilitech Inc.	60p	.....	–	–	–
23	18¼	US West‡	21	+¼	$2.08	–	5.9
23⅝	16⅝	Waste Management $1	22⅛xd	.....	44c	–	1.2
1925p	1053p	Whirlpool $1	1762p	–2	$1.10	–	3.7
19¼	13½	♥Woolworth $3½	17¼	.....	$1.08	–	3.7

CANADIANS

1991 High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
10p	8½p	♥Abbot Energy Corp.	10p	.....	–	–	–
1179p	953p	♥Amer. Barrick Res.	1127p	+31	8c	–	0.4
19⅛	13	Bk. Montreal ‡	19¼	.....	$2.12	–	5.6
860p	536p	Bk. Nova Scot. ‡	850pxd	+11	$1.00	–	6.0
768p	639p	♥BC Gas $1	768p	+16	60c	–	4.0
21⅞	17¼	BCE ‡	21¼	–⅛	$2.56	–	6.1
1013p	647p	♥Brascan‡	1013p	+36	$1.04	–	3.2
36p	19½p	♥Breakwater Res.	28p	+2	10c	–	18.2
1645p	1180p	Can. Imp Bank‡	1624p	+20	$1.32	–	4.1
10⅞	855p	Can. Pacific ‡	957p	+5	92c	–	4.9
36	30	Do. 4pc Deb £100	35xd	.....	Q4%	–	13.2
335p	170p	♥Central Cap 'A' ‡	264p	–5	60c	–	11.6
250p	197p	♥Coas TVX Min.	234p	.....	–	–	–
269p	158p	♥Corona Corp.	209p	–4	a13.3c	–	3.2
401p	246p	♥Dorlan Inds. ‡	371p	+8	28c	–	3.8
539p	370p	♥Echo Bay Mines	459p	+2	7.5c	–	1.0
191p	135p	♥ECO Corp ‡	156p	–2	–	–	–
76p	55p	Granges Explr.‡	73p	+3	–	–	–
512p	362p	♥Gulf Canada‡	428p	–17	40c	–	4.8
14⅞	10	♥Hawker Sid Can‡	13⅛	+⅛	$1.08	–	4.2
1649p	876p	♥Hudson's Bay ‡	1649p	+33	†80c	–	2.5
29¼	17¼	♥Imperial Oil‡	27	.....	$1.80	–	3.4
20⅞	12½	Inco‡	18⅞	+⅛	$1.00	–	2.7
4p	2¼p	♥Muscocho Expln.	2¼p	–¼	–	–	–
17p	4p	♥Nth West Gold ‡	9p	.....	–	–	–
453p	360p	Nova Corp of Alberta	424pxd	.....	52c	–	6.3
1091p	745p	♥Rio Algom	781p	–8	80c	–	5.2
1360p	1022p	Royal Bk. Can. ‡	1290p	+6	$1.16	–	4.6
13p	7¼p	♥Sonora Gold Corp‡	8p	.....	–	–	–
15p	3½p	♥Tan Pac Tech. Corp‡	15p	.....	–	–	–
952p	736p	Toronto-Dom. Bk‡	925p	+17	76c	–	4.2
900p	719p	♥Trans Can Pipe	875p	+11	72c	–	4.2
162p	87½p	Varity Corp‡	137p	+3	$1.30	–	–

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

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LEISURE

1991 High	Low	Stock		Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	155	Airtours 10p	β	448	......	8.25	3.1	2.5	17.3
[illegible]	71½	♣Allied Leis. 5p	α	97	......	F4.75	3.5	6.4	7.0
[illegible]	181	Anglia TV	α	183	-2	9.26	2.4	6.8	8.3
[illegible]	16	Avesco 1p	α	20	......	1.5	3.9	10.0	2.8
[illegible]	4½	♣BCE Hldgs 5p	β	5½	......	–			–
[illegible]	123	Barr & W.A.T. 'A'	β	165	-3	9.75	1.6	7.9	10.7
[illegible]	425	Boosey & Hawkes	β	655	......	16.4	2.7	3.3	15.1
[illegible]	24	♣Border T.V.	β	42	-½	2.1	3.1	6.7	18.8
[illegible]	25	Brent Walker 10p	α	30	......	5.0	–	22.2	–
[illegible]	7	Do 6pc Cv Cm Rd Pf £1	γ	8	......	6.0	–	–	–
[illegible]	[illegible]	[illegible]		[illegible]		[illegible]			

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT—Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

1991 High	Low	Stock		Price	+ or -	Div Net	C'vr	Y'ld Gr's
[illegible]	17	Greenwich Res 5p	α	21	......	–	–	–
£10¼	£7¼	Homestake Mining $1		£8¾	......	Q20c	–	1.5
61	30	Hibernia West	γ	54	......	–	–	–
46	36	Kells Mins. Ir5p	γ	37	......	–	–	–
25	9	Kenmare	γ	15	-1	–	–	–
18	15	Navan Resources	γ	18	......	–	–	–
99	52	Northgate Expl. C$1		65	......	♦	–	–
16	9	North West Expl.		9	......	–	–	–
11	2¼	Nor-Quest Res.		10½	+½	–	–	–
[illegible]	82	Oryx Gold Hldgs		112	......	–	–	–
[illegible]	11	Ovoca Gold IR 2p	γ	16	......	–	–	–
[illegible]	36	Pataan Mining 20p	β	36	......	–	–	–
[illegible]	404	RTZ 10p	α	519	+3	19.5	2.2	5.0
[illegible]	3¼	Thorco Res. Inc.		6½	......	–	–	–
[illegible]	6	Vizcaya Hldgs 5p	β	8	......	–	–	–
[illegible]	120	Young Group 10p	β	126	-1	5.2	♦	5.5

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ‡ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1	β	650	......
Finlay Pkg. 5p	β	27	......
Holt (Jos) 25p	β	1820	......
Helton Hldgs.	γ	43	......
IRG		145	......
United Drug		160	......

IRISH

Cap. 8¾% Ln. 1991	£99¼	......
9pc Cap Ln. 1996	£98½	+¼
Fis. 13% 97/02	£115	+¼
Arnotts	160¼xd	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	33
Barclays	38
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Midland Bk	18
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Property

Brit Land	30
Control Secs.	3
Land Securities	45
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Oils

Aviva Petm	3
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Burmah Castrol	49
Conroy Petm	10
Castle Res.	1
Premier	8
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Tuskar Res.	2
Ultramar	30

Mines

Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H

00 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	97.11	97.11xd	50.33	+0.08	6.89
Gilts & Fixed Int	6	112.5	112.5xd	119.3	-0.1	9.64
High Inc Equity	6	135.5	139.2xd	148.0	-0.5	5.74
Worldwide Bond	6	202.9	202.9xd	215.0	+0.3	6.98
Capital Growth						
American Growth	6	140.5	140.5	206.9	+1.5	1.29
Asian Pacific	6	127.4	130.1	138.4	-1.2	.14
Assets & Earnings	6	172.3	176.3xd	187.5	-0.3	3.16
Capital Reserve Acc	0	104.6	104.6	104.7	–	7.25
Capital Reserve Inc	0	82.72	82.72xd	82.77	+0.02	7.25
Comdty & Energy	6	74.92	74.92xd	80.12	+0.20	.94
1992 Enterprise	6	63.93	63.40	68.37	-0.21	2.82
Euro Capital Acc	6	89.37	89.37	95.58	+1.02	1.42
Euro Capital Inc	6	85.38	85.38xd	91.31	+0.96	1.42
General	6	168.7	168.7xd	180.4	-0.6	2.77
Japan	5	99.36	99.36	106.2	-0.8	–
Mastertrust	6	89.03	89.03	40.21	-0.19	2.25
UK Growth Acc	6	159.6	159.6	170.6	-0.9	2.91
UK Growth Dist	6	102.6	102.6xd	100.7	-0.2	2.93
US Emerging Cos	5	64.48	64.48	68.96	+0.47	–
Income & Growth	6	296.0	296.0xd	316.5	-1.3	4.42
Ethical	6	50.14	50.14	53.62	-0.12	3.04
International	6	61.36	62.20	66.17	-0.19	1.51
Dividend & Growth	6	49.03	50.25	53.45	-0.21	5.61
Global Gwth & Sec	6	51.18	51.48	54.76	-0.07	1.83

Aberforth Unit Trust Managers Ltd (1600)F

16 Chester St, Edinburgh EH3 7RA 031 220 0733

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Small Cos	0	969.00	969.00	1004.00	–	–

Abtrust Unit Trust Managers Ltd (1200)H

10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	29.74	29.74xd	31.90	+0.02	2.53
Cash	–	51.17	51.17	51.17	+0.04	11.54
European	5¼	73.16	71.16	77.67	+0.55	0.00
[illegible]						

Bishopsgate Progressive Mgmt Co (1200)F

13 St James' Place, London SW1A 1NW 071-493 8111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	19.42	19.42	20.50	+0.02	0.82
Progressive Acc	5	29.77	29.27	30.89	+0.45	0.82
International Inc	5	20.21	20.21	21.33	–	1.00
International Acc	5	26.86	26.86	28.35	–	1.00
Can & Foreign Inc	5	235.9	235.9xd	249.0	–	3.43
Can & Foreign Acc	5	281.9	281.9	297.5	–	0.93
Special Sits Inc	5	210.3	210.3	222.0	+2.4	1.00
Special Sits Acc	5	228.9	228.4	241.1	+2.6	1.85
PEP Inc	5	129.1	130.3	138.0	-0.8	2.23
PEP Acc	5	137.9	139.7	147.4	-0.8	2.23
Growth Inc	5	82.79	82.79	87.39	–	0.98
Growth Acc	5	83.13	83.13	87.74	–	0.98

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F

5 Giltspur St, London EC1A 9DE 071-236 6441

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Dolphin Special Sits	5½	128.6	129.6	137.5	+0.5	3.73
Dolphin Dividend	5½	62.34	62.74	66.69	-0.25	6.07
Dolphin Inc & Gth	5½	158.9	158.4	169.4	+0.4	3.69
Dolphin UK & Gen	5½	32.71	32.71	34.98	+0.08	2.34
[illegible]	5½	47.20	48.49	51.86	+0.03	2.89

Britannia Life Unit Managers Ltd (1200)F

190 West George St, Glasgow G2 2PA 041-332 3132

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	74.14	74.14	79.30	-1.10	3.15
Do (Accum)	6	78.52	78.52	83.98	-0.11	3.15
Service Cos	6	62.16	62.16xd	66.48	+0.05	1.95
Do (Accum)	6	65.14	65.14	69.67	+0.05	1.40
Income Growth	0	45.95	45.95	49.15	+0.02	4.36
Do (Accum)	5	62.68	62.68	67.04	+0.03	4.36
Higher Yield	6	32.54	32.54	34.81	+0.05	4.91
Do (Accum)	6	40.78	40.78	43.61	+0.09	4.49
American Gth Inc	6	30.64	30.64	32.77	+0.36	1.51
Do (Accum)	6	31.22	31.22	33.39	+0.37	1.51
European Growth	6	26.29	26.29	28.12	+0.07	1.95
Do (Accum)	6	26.79	26.70	28.65	+0.07	1.55
Global Bond Inc	6	22.07	22.12xd	23.72	+0.06	6.28
Do (Accum)	6	25.76	25.89	27.69	+0.07	6.28
Managed P'folio Inc	6	24.64	24.71	26.44	+0.39	–
(Do Accum)	6	24.64	24.72	26.44	+0.07	–

Brown Shipley & Co Ltd (1000)F

9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	81.80	81.80	87.12	-0.06	2.39
Mngd P'folio Acc	6	142.7	142.7	152.4	-0.10	–
UK General	6	116.3	116.3xd	123.9	-0.32	4.09
Conv & General	6	18.94	18.95	20.27	+0.05	9.39
European Inc	6	20.79	20.70	22.37	+0.21	0.50
[illegible]						

GA Unit Trust Mngrs Ltd (1000)H

4 Melville Crescent, Edinburgh 031-220 3946

GT Unit Managers Ltd (1200)H

8th Floor, 8 Devonshire Sq, London EC2M 4YJ

Kleinwort Benson Unit Trusts (1400)F

10 Fenchurch Street London EC3

Marks & Spencer Unit Trust Ltd (1200)F

Marlborough Fund Managers Ltd (1430)F

Martin Currie Unit Trusts Ltd (0905)H

Murray Johnstone UT Mgmt (1000)H

N M Rothschild Fund Mgmt - Contd

[illegible]

Maldon Unit Trust Managers Ltd (1400)F

15 St Botolph St, London EC3A 7EE 031 226 6066

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maldon General	0	116.0	116.0	119.1	-1.2	4.89

ManuLife Management Ltd (1200)H

St George's Way, Stevenage Dealing 071-256 5858 [?]

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5½	131.1	131.7	140.1	–	3.73
Gilt & Fxd Int	5	141.9	141.9	149.3	+0.6	8.42
Intl Growth	5½	148.0	149.3xd	158.8	+0.7	0.41
North American	5½	94.37	96.16	102.3	+1.2	0.31
Far East	5½	118.4	119.4	127.0	-0.8	0.33
UK Smaller Cos	5½	108.2	112.0xd	119.2	-0.1	2.98
European	5½	53.89	53.89	57.45	+0.28	1.20
Japanese Growth	5½	37.61	73.61	40.27	-0.26	0.00
Managed P'folio	5½	48.32	48.47xd	51.78	+0.11	2.73
High Income	5½	148.3	150.2	159.8	+0.20	6.11
High Yielding Gilt	5½	61.81	61.01xd	64.31	+0.15	9.56
Cash		50.73	50.73	50.75	+0.05	11.23

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Equity Inc	5½	115.1	115.1xd	124.2	-0.7	6.52
UK Equity Acc	5½	129.6	129.6xd	139.9	-0.8	6.52
UK Ind Tracker Inc	5	119.7	114.7	127.9	-0.3	3.92
UK Ind Tracker Acc	5	127.9	127.9	136.7	-0.3	3.92
00 Eq Ind Tracker Inc	5	139.0	139.0	149.1	+1.2	3.00
00 Eq Inc Tracker Acc	5	143.5	143.5	153.9	+1.2	3.00
Japan Tracker	5	63.02	63.02xd	66.83	-0.38	1.00
Asian Tracker	5½	84.01	84.01xd	89.93	-1.14	1.47
Managed Inc	5½	97.91	43.91	105.3	-0.2	2.02
Managed Acc	5½	00.15	00.35	106.6	-0.2	2.02
Cash Inc	0	100.52	100.52xd	100.52	+0.10	11.58
Cash Acc	0	108.12	108.12xd	108.12	+0.10	11.58
Europa	5½	104.4	104.4	111.9	+0.1	0.00

Geoffrey Morley Unit Mgrs Ltd (1200)F

3 Bedford Park, Croydon CR0 2AQ 081-686 9818

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Europe Unit Tst	4	116.94	116.94	124.24	–	2.66
Europe Smlr Cos	5½	229.33	229.33	248.40	–	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

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	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1580)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American	5	291.8	291.8	311.6	+2.8	1.38
(Accum Units)	5	341.4	341.4	364.5	+3.3	1.38
British	5	788.0	788.0	839.7	-1.0	5.77
(Accum Units)	5	1261.5	1261.5	1339.7	-1.6	5.77
European	5	332.6	332.6	355.2	+2.6	1.50
(Accum Units)	5	356.3	356.5	380.7	+2.8	1.50
Japan	5	117.6	117.6	124.9	-0.9	-
(Accum Units)	5	118.5	118.5	125.6	-1.0	-
New Pacific	5	167.1	167.1	177.7	-1.7	2.13
(Accum Units)	5	168.4	168.4	179.1	-1.7	2.13
PEP	5	131.9	134.4	142.5	—	3.54
Magd Equity	5	119.0	120.7	127.8	—	3.65
Magd Equity Acc	5	123.1	124.9	132.3	—	3.65
Magd Cash	5	96.71	96.71	101.5	+0.1	11.71
(Accum Units)	5	112.0	112.0	117.6	+0.1	11.71
Magd Fixed Int Acc	5	118.4	118.9	125.0	—	8.67
Majority Stlg	1	100.64	100.64	101.63	+0.09	11.16
Majority Stlg Acc	1	103.45	103.45	104.47	+0.09	11.16
Storehouse Intl Inv Mngrs Ltd (1200)F						
Admin, 4 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries: 0277 227300 Dealing: 0277 261010						
International May 15	0	49.98	49.98	50.38	—	11.43
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Sun Alliance House, Horsham 0403 56293						
Equity	6	584.4	592.9	634.1	+5.1	3.46
Nor'h America	6	75.87	75.87	81.14	+0.57	1.05
Far East	6	93.44	94.53	101.1	-0.6	0.88
W'wide Bond	6	45.61	45.61xd	48.50	+0.11	6.13
W'wide Financial	6	34.56	34.56	36.96	+0.08	3.21
W'wide Technology	6	40.80	40.80	43.64	-0.18	0.96
European	4	67.89	67.89	72.54	+0.76	1.38
Equity Income	6	69.91	70.90	75.83	+0.07	5.31
Portfolio	6	57.04	57.04xd	61.48	+0.18	3.64
Sun Life of Canada Unit Mgrs Ltd (1000)H						
Basingview, Basingstoke, Hants 0800 525725						
American Growth	6	25.10	25.10	26.85	+0.29	0.50
Managed Assets	0	102.05	102.63	109.77	-0.09	4.35
UK Income	6	33.60	34.15	36.51	-0.19	4.80
UK Growth	6	32.56	33.01	35.31	-0.10	3.50
Worldwide Growth	6	[illegible]	[illegible]	[illegible]	—	1.20

	Bid Price	Offer Price	+ or -	Yield Gross
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American May 29	152.4	156.6	+2.5	1.40
Managed May 29	140.9	144.8	+1.3	3.97
Japan May 23	118.5	121.8	-1.7	0.08
Sm Jap Cos May 24	570.9	586.6	-1.8	0.09
Fidelity Investment Services Ltd				
Magd Pens P'folio	128.7	133.2	+0.10	3.81
Robert Fleming Asset Mngmt Ltd				
Acc Exempt	1458.31	465.16	+5.89	1.69
Gen Exempt	128.82	131.74	-0.4	3.77
Jap Exempt	483.23	492.76	-2.54	0.86
Pacific Exempt	97.75	99.799	-1.1	2.39
Contl Euro Exempt	98.66	100.64	+1.23	2.07
Valued Exempt May 23	125.27	128.78	—	5.07
Amr Indexd Expt May 23	100.84	101.86	—	2.94
Japan Indexd Expt May 23	65.95	67.29	—	0.63
Euro Indexd Expt May 23	96.12	98.05	—	2.86
P'pac Indexd Expt May 23	98.31	100.49	—	2.22
Funds in Court*				
Capital May 22	490.86	494.47xd	—	2.48
Gross May 22	188.97	190.50	—	9.71
High Yield May 22	295.65	298.03	—	6.93
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pension Magd	51.6	52.72xd	+0.08	3.79
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Magd P'Folio	1185.0	1280.0	—	-
Magd Pens (Acc)	62.0	72.3	-0.1	-
Lazard Brothers & Co. Ltd				
Property Jan 3	2360.0	2675.0	—	6.00
Inc Eth Prp Apr 16	1925.0	1460.0	—	7.20
Lazard Investors Ltd ††				

[illegible]

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
Assicurazioni GENERALI SpA				
117 Fenchurch St, London EC3M 5DY 071-488 0733				
Gambro Generali High	142.0	149.5	—	-
Gambro Generali Prop	141.8	149.5	—	-
Gambros Canadian	105.3	110.9	—	-
Gambros Equity Inc	135.8	143.0	—	-
Gambros European	149.3	157.2	—	-
Gambros High Income	130.7	138.7	—	-
Gambros Jap & Far East	141.8	149.3	—	-
Gambros Nth American	159.3	167.7	—	-
Gambros Scandinavian	166.8	175.6	—	-
Gambros Smaller Cos	143.7	151.3	—	-
Generali Intl Managed	489.5	515.5	—	-
Legal & General (Unit Pensions) Ltd				
Kingswood House, Kingswood, Tadworth, Surrey 0737 370370				
Ex Bldg. Soc. Lnkd.	153.9	162.1	+0.2	-
Do. Accum.	191.5	201.6	+0.2	-
Exempt Cash Init.	275.2	289.7	+0.3	-
Do. Accum	431.6	454.9	+0.7	-
Exempt Eqty. Init.	843.5	887.7	+3.3	-
Do. Accum.	1322.3	1391.9	+5.2	-
Exempt Euro Init.	168.1	177.0	+0.4	-
Do. Accum	202.8	213.5	+0.1	-
Exempt Far East'n Init.	216.4	227.8	-2.1	-
Do. Accum.	268.9	274.7	-2.6	-
Merchant Investors Assurance Co Ltd — Contd.				
MI Baring Eastern	147.0	154.7	-1.1	-
MI Fidelity Fd	146.1	153.7	+0.1	-
MI Fid American	148.1	155.0	+0.9	-
MI Fid European	199.9	210.4	-3.6	-
MI Fid Inc Spec Sits	189.8	143.4	+0.3	-
MI Fid Japan	132.2	139.1	-0.6	-
MI Fid Pacific	164.0	172.6	-1.2	-
MI Fidelity UK	150.8	157.0	+0.5	-
MI Fram Inc & Growth	196.9	207.2	-0.3	-
MI Fram Intl Growth	167.6	176.4	-3.3	-
MI Fram Japan N Gen	237.9	268.4	-2.4	-

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	104 7	110.2	-0.3	-
Pension Managed Fd	102.1	107.5		-
Life Deposit Fd	107.0	112.6	+0.1	-
Pension Deposit Fd	112.0	117.9	+0.1	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	108.2	119	-0.2	-
Managed Growth	134.5	148.1	-0.4	-
Managed Opportunity	135.9	149.9	-0.5	-
NFMC Target Financial	99	106.6	+0.2	-
Pension Funds				
Managed Cautionary	118.2	129 7	-0.1	-
Managed Growth	142.2	156.4	-0.3	-
Managed Opportunity	136.5	150.4	-0 6	-
NFMC Target Magd Pen	1475.4	1603.7	+5.4	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	159.6	168.1		-
UK Equity	163 1	171.7		-
Overseas Equity	133 8	140.9		-
Fixed Interest	143.5	151.1		-
Property	130 0	137.7		-
Index Linked	147.6	155 4		-
Deposit	155 0	164.1		-
With Profits (B)	128 0	134.8		-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	347.7	366.1	+0 7	-
UK Equity	437 0	460.0	+1.5	-
Overseas Eq	343 9	362.1	+0.5	-
Americas	278 7	293 4	+2.5	-
Far East	369.1	388 6	-3.2	-
Property	194.0	204.3	-0.1	-
Fixed Int	256 5	270.2	+0.3	-
Indexed Gilt	155.3	163.5	+0.3	-
Deposit	181.1	190.7	+0.2	-
Pension Fund (Accumulation)				
Managed	492.0	517 9	+1.5	-
UK Equity	576.6	607.0	+2.1	-
Overseas Eq	571.8	601.9	+1.2	-
Americas	362.9	382.1	+2.8	-
Far East	611.9	644.2	-3 6	-
Property	244.8	257.7	+0.2	-
Fixed Int	315.1	331.7	+0.6	-
Indexed Gilt	170.8	179.8	+0.3	-
Deposit	253.5	266 9	+0.3	-
NPI Pensions Management Ltd				
Managed Fund	1092.2	1111.7		-

Prices May 1 Next dealing June 3

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	71.2	75.0	+0.2	-
Stock Market Magd Fund	70.1	73.7	+0.1	-
Equity Fund	77 7	81.8	+0.1	-
International Fund	63.4	66.8	+0.2	-
European Fund	65.5	68 9	+0.7	-
North American Fund	71.9	75.7	+0.6	-
Pacific Fund	69 0	72.6	-0.2	-
Property Fund	82.6	86.9		-
Fixed Interest Fund	51 9	60.9	+0.2	-
Index linked Sec Fund	62.2	65.6	+0 1	-
Deposit Fund	69.5	73.2	+0.1	-
NUAM Retirement Plans				
Mixed Fund	77.9	82.0	+0.2	-
UK Ordinary Share Fd	90.2	94.9	+0.1	-
International Fund	67.9	71.5	+0.2	-
Property Fund	82.6	86.9	+0 1	-
Fixed Interest Fund	70 4	74.1	+0.3	-
Index Linked Sec Fund	66 1	69 6	+0.2	-
Deposit Fund	82.1	86.4	+0 1	-
NUAM (MP)				
Managed Fund	1004.2	1057.1	+2.0	-
Equity Fund	2124 8	2236.7	+6.4	-
International Fund	167 7	176.6	+0 4	-
Property Fund	524.0	551.6	+0 3	-
Fixed Interest Fund	434.2	457.1	+1.4	-
Index Linked Sec Fund	61 6	67.0	+0.2	-
Deposit Fund	286.2	301.3	+0.1	-

Norwich Union Life Insurance Soc.

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	151 0	159.5		-
Accum Equity	216.0	227 5		-
Accum Managed	224 0	236.5		-
Accum Five Star	169.5	179 0	-0 5	-
Accum World	121.5	128 5		-
Accum Lifetime	109 1	109 1	-0 5	-
Pens Acc Equity	233 0	245 5		-
Pens Acc Managed	279.5	295 0	+0 5	-
Pens Acc Intl	210.5	222 0	+0.5	-
Pens Acc Deposit	198.0	208 5		-
Pens Acc Five Star	186 0	196 0	+0 5	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UB Equity Acc	223.8	236 1	-0.9	-
UK Fixed Int Acc	171.6	181.1	+0 1	-
Intl Equities Acc	178.7	188 6	+0 3	-
UK Managed Acc	172.4	181.8	-0.5	-
Property Acc	224 4	236 0	-1 1	-
Money Acc	128 F	135 8	+0.1	-
Special Market Acc	138.2	145 8	-0 4	-
Japan Equity Acc	103 8	109 5	-0 6	-
North American Acc	104 6	130 4	+2.4	-
Pacific Acc	95 4	100 7	-0 6	-
Technology Acc	122.9	129.7	-0.3	-
Nat Resources Acc	54 6	57.6	-0 1	-
European Acc	102.9	108 6	+0 0	-
Residential Prop Acc	96 3	101 6		-
Swiss Equities Acc	36.1	38.1	-0 4	-
Hong Kong Acc	62 2	65 7	-1 9	-
UB High Inc Eq Acc	73.0	77.1	-0 4	-
Int Fixed Interest Acc	56.3	59 4		-
Int Managed Acc	56 9	65 0		-
HIP Managed Acc	114.3	120.5	-0.3	-
HIP Managed II Acc	99.1	104 5	-0 2	-
HIP Managed III Acc	105.6	111.3	-0 1	-
Total Investment Bond				
UK Equity Initial		152.5	-0 6	-
UB Fixed Int Initial		117 1		-
Intl Equities Initial		121.1	-0.2	-
UK Managed Initial		117.7	-0 3	-
Property Initial		154.3	-0.7	-
Money Initial		88.3	-0.1	-
Special Market Initial		107.5	-0.3	-
Japan Equity Initial		80.7	+0.5	-
North American Initial		01.4	+1 1	-
Pacific Initial		74.3	-0 4	-
Technology Initial		95 6	-0 2	-
Nat Resources Initial		42.4	-0 1	-
European Initial		92.5	+0.7	-
Residential Prop Init		92.1	-0 1	-
Swiss Equities Initial		34.6	+0 4	-
Hong Kong Initial		59.6	-1.4	-
UK High Inc Eq Init		69 9	-0 4	-
Int Fixed Interest Init		54.6		-
Int Managed Init		55.3	-0.1	-
HIP Managed Init		111.4	-0.3	-
HIP Managed II Initial		91.8	-0.2	-
HIP Managed III Init		105.4	-0 1	-
Broker Funds				
High Performance	71 7	75 6	-0 1	-
Townhill Magd Fd Acc	46 8	49.3	+0 1	-
YRA Executive Fd	93 0	98.9	-0 1	-
£ Global Growth Acc	131.2	138.3	+0 2	-
£ High Income Money Acc	139.5	147.1	+0 1	-
1M Balanced		54 7	-0.2	-
U F. Specialist Fd		135.0		-
PEP Accrn II		110 9	-0 1	-
PEP Cautionary		100.0		-
AAFS Int Man Fund		121.4	-0.5	-
Andrews-Green Inv Port		88.1	-0 2	-
Individual Pension Funds				
UK Equity Acc	243.2	256 6	-1 0	-
UK Fixed Interest Acc	217.4	229 4	+0 2	-
Intl Equities Acc	230.2	242.9	+0.4	-
UK Managed Acc	186 9	197.1	-0 6	-
Property Acc	200.1	211.1	-1.0	-
Money Acc	161.1	170 0	+0.2	-
Special Market Acc	218.5	230.3	-0 6	-
Japan Equity Acc	164.5	173.6	-1.0	-
North American Acc	129.0	136.1	+1.7	-
Pacific Acc	178.4	188.2	-1.2	-
Technology Acc	153.2	161.8	-0.4	-
Natural Resources Acc	83 9	88.5	-0 4	-
European Acc	116.5	122.9	+1 0	-
Residential Prop Acc	103.3	109 0		-
Swiss Equities Acc	36.2	38.2	+0 4	-
Hong Kong Acc	63 1	66 6	-1.6	-
UK High Inc Equ Acc	79.7	84.1	-0 4	-
Int Fixed Interest Acc	60 4	63 8		-
Int Managed Acc	58.1	61.3		-

Royal Heritage Life Assurance Ltd—Contd.

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Reliance Mutual

Royal Heritage Life Assurance Ltd

Pearl Assurance (Unit Funds) Ltd

Pegasus Assurance Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Royal Insurance Life Ltd

Royal Liver Assurance

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Swiss Pioneer Life Plc

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

AEtna Intl Assurance (Bermuda) Ltd

Albany International Assurance Ltd

CMI Insurance Co Ltd

CMI Insurance Co Ltd—Contd.

Eagle Star Intl Financial Services

Equitable Life (International)

Equity & Law Intl Life Assce Co Ltd

Fidelity Life Assurance Co Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

Premium Life International Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

MANAGEMENT SERVICES

Allied Investment Services Ltd

James Campbell Financial Services

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Orion Fund Limited

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

ECU Futures Plc

Edinburgh Money Management Ltd

Fairmount Gest Mgt Ltd

Gartmore Fund Managers Ltd

Henderson Financial Services (Pty) Ltd

IFS Limited PLC

Independent Financial Group PLC

Jefferson Fry Asset Managers Plc

Knight Williams & Company Ltd

Macartney & Davis F.S. Ltd

Northern Bridge & Partners

PIFS Fund Management Ltd

Providence Capital International Fund

Sharp (Albert E) & Co.

South Yorks Financial Planning

Charles Stanley & Co Ltd

Tilney Law & Co

J. D. Ward Financial Services Ltd

Kleinwort Benson Fd Mgrs Ltd

Lazard Fund Managers

Lloyds Life Money Stock Fund Ltd

M & G

Prolific International

Rothschild Asset Management

Royal Bank of Canada Funds

Guinness Flight Fd Mngrs (Guernsey) Ltd

Hill Samuel Fd Mgrs (Guernsey) Ltd

Holborn Fund Management

Merrill Lynch Guernsey

Nikko Capital Management

Sandy International (Guernsey) Ltd

Schroder Investment Management (Guernsey) Ltd

Standard Fund Mngrs Ltd

Adams & Neville Fd Mngmt (Guernsey) Ltd

Barclays Intl Fd Managers (Guernsey) Ltd

Gartmore Invest Managers (Guernsey) Ltd

Kleinwort Benson (Guernsey) Ltd

Lazard Fund Managers (CI) Ltd

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	Bid Price	Offer Price	+ or -	Yield Gross
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$762.01			-
Fixed Income Shares	$865.46			-
Yamaichi Capital Mangmt (Guernsey) Ltd.				
Japan Meta Growth	$10.62		-0.1	-
Yamaichi ESG Fund	$7.85		-0.12	-
Yamaichi-CB Plus Fund	$8.98		-0.06	-
Thai Inv Fund	$10.63			-

IRELAND (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (a)						
29 Kildare Street, Dublin 010 353 1760 630						
GAM Universal US $ Acc			$-	110.40		-
GAM Universal US $ Inc			$-	110.40		-
GAM Universal DM Acc			DM-	118.26		-
GAM Universal DM Inc			DM-	118.26		-
MI Global Asset Mangmt Co Ltd "MI Trusts"						
MI Global Dollar			$-	0.99	1.06	-

IRELAND (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Bank of Ireland Unit Managers Ltd				
Global Scap	$9.74	10.03		-
European Bond	[illegible]	[illegible]		-
Investor Portfolio				
EquityAmerica	$11.10	12.18		-
EquityEurope	$9.25	9.81		-
BondAmerica	$10.37	11.01		-
BondEurope	$9.29	9.86		-
BondJapan	$9.91	10.51		-
World Inv Trust	$10.56	11.20		-
Opportunity Europe	$10.92	11.58		-

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Hill Samuel Fund Mgrs—Contd.						
International Currency Fund						
INVESCO MIM International (Jersey) Ltd						
PO Box 271, St Helier, Jersey 0534 73114						
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey 0534 27561						
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 606000						
For MIM see INVESCO MIM						
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 76077						
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 73494						
TSB Offshore Investment Fund Ltd						
TSB Gilt Fund Ltd						

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar falls below DM1.70

THE DOLLAR fell below DM1.70 in late European trading, responding to news that US consumer confidence declined in May for the second consecutive month. The index of confidence, published by the US Conference Board, fell to 74.2 from a revised 79.4 in April. This suggests that US consumers are increasingly nervous about the prevailing economic conditions, particularly unemployment, and that their buying plans are moderately weaker.

There was no strong reaction to a rise of 3.4 per cent in sales of existing US homes during April, the highest level since last August, as lower mortgage rates encouraged home buying.

At the London close the dollar had fallen to DM1.6980 from DM1.7085 on Friday; to Y137.85 from Y138.40; to SFr1.4455 from SFr1.4550; and to FFr5.7700 from FFr5.8050. On Bank of England figures the dollar's index declined to 65.7 from 65.9.

Sterling gained ground against the dollar and the pound's partners in the European exchange rate mechanism, despite concern that domestic political considerations may force the ruling UK Conservative party to make further cuts in interest rates.

Current economic arguments do not encourage hopes that the Government will be able to reduce UK bank base rates below 11 per cent, because this could erode sterling's interest rate advantage within the ERM. Nevertheless, there is growing speculation that the Government's need to increase its popularity, ahead of a general election, will result in a fall towards single figures.

Mr Nick Parsons, economist at Union Discount, sees no prospect of an early economic recovery and fears that unemployment will be over 2.5 million before the end of this year. He also noted that last Friday the Bank of England did not lend money to the discount houses for at least seven days - the first time there has been no Friday lending since the last rate cut on April 12 - and that this could suggest there is no implied protest at a further easing of rates.

In London sterling rose 1.45 cents from Friday to $1.7450. The pound also climbed to DM2.9625 from DM2.9575; to FFr10.0675 from FFr10.0450; to SFr2.5225 from SFr2.5175; and to Y240.50 from Y239.50. Its index gained 0.2 to 92.0.

Sterling remained the third strongest member of the ERM, below the Italian lira and the top-placed Spanish peseta. The Spanish currency hit its ceiling against the French franc, the weakest member of the system, after the Bank of Spain drained liquidity at a higher rate from the Madrid banking system, indicating no easing of Spanish monetary policy.

Trading was generally thin and featureless, but the D-Mark improved against the Japanese yen, rising to Y81.20 from Y81.00.

The Canadian dollar was firm, prompting selling by the Bank of Canada. The central bank intervened as the US dollar fell to C$1.1457 from C$1.1505 on Friday.

£ IN NEW YORK

May.28	Latest	Previous Close
£ Spot	1.7460-1.7470	1.7350-1.7360
1 month	0.78-0.77pm	0.82-0.80pm
3 months	2.29-2.26pm	2.30-2.27pm
12 months	6.94-6.89pm	6.92-6.82pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May.28	Previous
8.30 am	91.8	92.1
9.00 am	91.8	92.1
10.00 am	91.8	92.0
11.00 am	91.8	92.1
Noon	91.8	92.1
1.00 pm	91.8	92.1
2.00 pm	91.8	92.0
3.00 pm	91.8	91.9
4.00 pm	92.0	91.8

CURRENCY MOVEMENTS

May 28	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.0	-19.9
U.S Dollar	65.7	-12.8
Canadian Dollar	105.5	+2.6
Austrian Schilling	108.7	+11.1
Belgian Franc	110.4	-2.7
Danish Krone	105.9	+3.2
D-Mark	116.8	+23.3
Swiss Franc	112.0	+20.8
Dutch Guilder	113.0	+15.2
French Franc	102.1	-13.8
Lira	98.8	-19.8
Yen	134.9	+66.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for May.25

CURRENCY RATES

May 28	Bank rate %	Special* Drawing Rights	European † Currency Unit
[illegible]			

* Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. All SDR rates are for May.25

OTHER CURRENCIES

May 28	£	$
Argentina	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Brazil	[illegible]	[illegible]
Finland	7.0445 - 7.0580	4.0680 - 4.0710
Greece	321.80 - 328.25	185.80 - 189.55
Hong Kong	13.4050 - 13.4200	7.7400 - 7.7500
Iran	119.10*	68.00*
Korea(Sth)	1247.60 - 1267.75	722.20 - 728.00
Kuwait	N/A	N/A
Luxembourg	61.00 - 61.10	34.95 - 35.05
Malaysia	4.7765 - 4.7885	2.7560 - 2.7580
Mexico	5188.00 - 5209.00	2987.00 - 2997.00
N.Zealand	2.9775 - 2.9825	1.7135 - 1.7155
Saudi Ar.	6.4925 - 6.5050	3.7490 - 3.7510
Singapore	3.0600 - 3.0675	1.7690 - 1.7710
S.Af (Cm)	4.8495 - 4.8615	2.8040 - 2.8055
S.Af (Fn)	5.5470 - 5.6375	3.2000 - 3.2520
Taiwan	47.30 - 47.40	27.30 - 27.35
U.A.E.	6.3475 - 6.3690	3.6720 - 3.6740

* Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu May 28	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.535	-4.56	6.17	79
Italian Lira	1538.24	1530.24	-0.52	1.86	33
Sterling	0.696904	0.694835	-0.30	1.63	5
Belgian Franc	42.4032	42.3302	-0.17	1.50	16
Dutch Guilder	2.31643	2.31720	0.03	1.29	6
D-Mark	2.05586	2.05674	0.04	1.28	7
Irish Punt	0.767417	0.768581	0.15	1.17	0
Danish Krone	7.84195	7.88218	0.51	0.81	-17
French Franc	6.89509	6.98656	1.33	0.00	-65

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

May 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7280 - 1.7455	1.7445 - 1.7455	0.78-0.76cpm	5.30	2.29-2.26pm	5.21
Canada	1.9800 - 2.0005	1.9995 - 2.0005	0.42-0.31cpm	2.19	1.28-1.15pm	2.43
Netherlands	3.3275 - 3.3425	3.3325 - 3.3425	⅝-½cpm	2.02	1⅞-1¾pm	2.17
Belgium	60.70 - 61.15	61.00 - 61.10	16-11cpm	2.65	43-31pm	2.42
Denmark	11.3200 - 11.3750	11.3625 - 11.3725	2¼-1¾orepm	1.91	5⅝-4¼pm	1.74
Ireland	1.1040 - 1.1085	1.1075 - 1.1085	0.20-0.15cpm	1.90	0.50-0.40pm	1.62
Germany	2.9565 - 2.9650	2.9600 - 2.9650	¼-½pfpm	1.52	1¾-1⅝pm	2.28
Portugal	257.10 - 259.20	258.20 - 259.20	31-22cpm	1.23	2-70dis	-0.56
Spain	183.05 - 184.05	183.45 - 183.75	13-19cdis	-1.05	37-49dis	-0.94
Italy	2197.50 - 2208.75	2203.50 - 2204.50	6pm-4liredis	0.54	10pm-4dis	1.27
Norway	11.5290 - 11.5805	11.5675 - 11.5775	2-1¼orepm	1.69	5-4pm	1.56
France	10.0400 - 10.1000	10.0625 - 10.0725	1¾-1½cpm	2.01	5¼-4¾pm	1.96
Sweden	10.5985 - 10.6450	10.6350 - 10.6450	¾-½orepm	0.49	1pm-½dis	0.16
Japan	238.60 - 241.00	240.00 - 241.00	¾-⅝ypm	3.45	2¼-2pm	3.43
Austria	20.80 - 20.90	20.87 - 20.90	4¼-3¼grpm	2.15	13¼-9¾pm	2.17
Switzerland	2.5150 - 2.5275	2.5175 - 2.5275	¾-⅝cpm	3.27	2-1⅞pm	3.07
Ecu	1.4400 - 1.4450	1.4435 - 1.4445	0.20-0.15cpm	1.45	0.56-0.49pm	1.45

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.12-4.07cpm. 12 Month 6.95-6.85cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

May 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7280 - 1.7455	1.7445 - 1.7455	0.78-0.76cpm	5.30	2.29-2.26pm	5.21
Ireland†	1.5600 - 1.5735	1.5740 - 1.5750	0.57-0.52cpm	4.15	1.57-1.47pm	3.86
Canada	1.1450 - 1.1485	1.1455 - 1.1465	0.28-0.32cdis	-3.14	0.79-0.84dis	-2.84
Netherlands	1.9120 - 1.9295	1.9120 - 1.9130	0.48-0.51cdis	-3.11	1.47-1.52dis	-3.13
Belgium	34.95 - 35.25	34.95 - 35.05	7.00-9.00cdis	-2.74	22.00-28.00dis	-2.86
Denmark	6.5100 - 6.5600	6.5125 - 6.5175	1.73-2.03oredis	-3.46	5.50-6.10dis	-3.56
Germany	1.6970 - 1.7130	1.6975 - 1.6985	0.39-0.41pfdis	-2.83	1.26-1.29dis	-3.00
Portugal	148.20 - 149.25	148.25 - 148.35	50-65cdis	-4.65	185-215dis	-5.39
Spain	105.30 - 106.20	105.40 - 105.50	54-56cdis	-6.26	162-167dis	-6.24
Italy	1262.50 - 1274.00	1262.75 - 1263.25	5.40-5.80liredis	-5.32	16.00-17.00dis	-5.23
Norway	6.6275 - 6.6785	6.6300 - 6.6350	1.90-2.20oredis	-3.71	6.00-6.50dis	-3.77
France	5.7675 - 5.8170	5.7675 - 5.7725	1.60-1.65cdis	-3.38	4.78-4.90dis	-3.36
Sweden	6.0900 - 6.1420	6.0950 - 6.1000	2.39-2.64oredis	-4.95	7.65-8.10dis	-5.17
Japan	137.60 - 138.45	137.80 - 137.90	0.20-0.22ydis	-1.83	0.57-0.60dis	-1.70
Austria	11.9900 - 12.0500	11.9925 - 11.9975	3.00-3.40grodis	-3.20	9.00-10.20dis	-3.20
Switzerland	1.4420 - 1.4560	1.4450 - 1.4460	0.25-0.27cdis	-2.16	0.76-0.79dis	-2.14
Ecu	1.1980 - 1.2080	1.2075 - 1.2085	0.40-0.38cpm	3.87	1.14-1.10pm	3.71

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

May 28	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11⅝ - 11½	11⅝ - 11½	11⅝ - 11½	11½ - 11⅜	11⅜ - 11¼	11⅛ - 10⅞
US Dollar	5¾ - 5½	5⅞ - 5¾	5⅞ - 5¾	6⅛ - 5⅞	6⅛ - 6⅛	6¾ - 6½
Can. Dollar	8¾ - 8⅝	8¾ - 8⅝	8¾ - 8½	8¾ - 8⅝	8⅞ - 8⅝	9⅛ - 8⅞
Dutch Guilder	9⅛ - 9	9⅛ - 9	9⅛ - 8⅞	9⅛ - 8⅞	9⅛ - 9	9⅛ - 9
Swiss Franc	8⅛ - 8	8⅛ - 8	8⅜ - 8¼	8⅜ - 8¼	8⅜ - 8¼	8 - 7⅞
D-Mark	8¾ - 8⅝	8¾ - 8⅝	8⅞ - 8¾	9 - 8⅞	9⅛ - 8⅞	9⅛ - 9
French Franc	10⅛ - 9⅞	9⅞ - 9⅝	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝	9¾ - 9⅝
Italian Lira	12 - 10	11½ - 10½	11¼ - 10¾	11¼ - 10¾	11⅜ - 11	11⅜ - 11⅛
Belgian Franc	8⅞ - 8⅝	8⅞ - 8⅝	8⅞ - 8¾	8⅞ - 8¾	9 - 8⅞	9⅛ - 9
Yen	8 - 7⅞	8 - 7⅞	7⅞ - 7¾	7¾ - 7⅝	7⅝ - 7½	7⅜ - 7¼
Danish Krone	9⅝ - 9⅜	9⅝ - 9⅜	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Asian $Sing	6 - 5⅞	6 - 5⅞	6 - 5⅞	6⅛ - 5⅞	6¼ - 6⅛	6⅝ - 6½

Long term Eurodollars: two years 7⅛-7 per cent; three years 7⅝-7½ per cent; four years 8⅛-8 per cent; five years 8⅜-8¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

May.28	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.745	2.963	240.5	10.07	2.523	3.338	2204	2.000	61.05	1.444
$	0.573	1	1.698	137.8	5.771	1.446	1.915	1263	1.146	34.99	0.828
DM	0.337	0.589	1	81.17	3.399	0.852	1.127	743.8	0.675	20.60	0.487
YEN	4.158	7.256	12.32	1000.	41.87	10.49	13.88	9164	8.316	253.8	6.004
F Fr.	0.993	1.733	2.942	238.8	10.	2.505	3.315	2189	1.986	60.63	1.434
S Fr.	0.396	0.692	1.174	95.32	3.991	1	1.323	873.6	0.793	24.20	0.572
H Fl.	0.300	0.523	0.888	72.05	3.017	0.756	1	660.3	0.599	18.29	0.433
Lira	0.454	0.792	1.344	109.1	4.569	1.145	1.515	1000.	0.907	27.70	0.655
C$	0.500	0.873	1.482	120.3	5.035	1.262	1.669	1102	1	30.53	0.722
B Fr.	1.638	2.858	4.853	393.9	16.49	4.133	5.468	3610	3.276	100.	2.365
ECU	0.693	1.208	2.052	166.6	6.974	1.747	2.312	1526	1.385	42.28	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100% — [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100% — [illegible]

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100% — [illegible]

LIFFE EUROMARK OPTIONS DM1m points of 100% — [illegible]

LIFFE EURODOLLAR OPTIONS $1m points of 100% — [illegible]

LIFFE SHORT STERLING OPTIONS £500,000 points of 100% — [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100% — [illegible]

US TREASURY BONDS 8% $100,000 32nds of 100% — [illegible]

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100% — [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100% — [illegible]

Estimated volume [illegible] Life's JGB contract is traded exclusively on the Exchange's Automated Pit Trading System (APT).

9% NOTIONAL ECU BOND ECU 200,000 100ths of 100% — [illegible]

THREE MONTH STERLING £500,000 points of 100% — [illegible]

THREE MONTH EURODOLLAR $1m points of 100% — [illegible]

THREE MONTH EUROMARK DM 1m points of 100% — [illegible]

THREE MONTH ECU ECU 1m points of 100% — [illegible]

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev.
Jun	[illegible]	[illegible]	[illegible]	2482.0
Sep	[illegible]	[illegible]	[illegible]	2524.0
Dec	[illegible]	[illegible]	[illegible]	2563.5

EURO SWISS FRANC SFR 1m points of 100% — [illegible]

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7450	[illegible]	[illegible]	[illegible]	1.6760

IMM-STERLING $ per £

	Latest	High	Low	Prev.
Jun	[illegible]	[illegible]	[illegible]	1.7256
Sep	[illegible]	[illegible]	[illegible]	1.7042
Dec	[illegible]	[illegible]	[illegible]	1.6872

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100% — [illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100 — [illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM — [illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100% — [illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100% — [illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr — [illegible]

STANDARD & POORS 500 INDEX $500 times index — [illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1) — [illegible]

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES — [illegible]

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate) — [illegible]

CAC-40 FUTURES (MATIF) Stock Index — [illegible]

ECU BOND (MATIF) — [illegible]

Estimated volume 1,386 Total Open Interest 9,755

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
103	-	-	-	-	0.22	-
104	-	-	-	-	0.41	-
105	-	-	-	0.03	0.69	-
106	0.16	1.01	1.43	0.28	1.31	1.61
107	-	0.60	-	-	1.68	-
108	0.01	0.32	0.71	-	-	-
Open Int	116,237	65,070	10,961	132,036	71,890	9,090

Estimated volume 30,756 Total Open Interest 405,284

BASE LENDING RATES

	%		%		%
ABN Bank	11.5	Comm. Bk of London Plc	11.5	McDonnell Douglas Bnk	11.5
Adam & Company	11.5	Co-operative Bank	11.5	Midland Bank	11.5
Allied Trust Bank	11.5	Coutts & Co	11.5	Mount Banking	12
AIB Bank	12	Cyprus Popular Bk	11.5	Nat Bk. of Kuwait	13½
● Henry Ansbacher	12	Dunbar Bank PLC	12	NatWestminster	11.5
B & C Merchant Bank	11.5	Duncan Lawrie	11.5	Northern Bank Ltd	12
Bank of Baroda	11.5	Equatorial Bank plc	11.5	Nykredit Mortgage Bank	12½
Banco Bilbao Vizcaya	11.5	Exeter Bank Limited	12½	Provincial Bank PLC	14
Bank Credit & Comm	11.5	Financial & Gen. Bank	12	Roxburghe Bank Ltd.	13
Bank of Cyprus	11.5	First National Bank Plc.	15	Royal Bk of Scotland	11.5
Bank of Ireland	11.5	● Robert Fleming & Co.	11.5	● Smith & Williamson Secs.	11.5
Bank of India	11.5	Robert Fraser & Ptnrs.	12	Standard Chartered	11.5
Bank of Scotland	11.5	Girobank	11.5	TSB	11.5
Banque Belge Ltd	12	● Guinness Mahon	12	Unibank plc	11.5
Barclays Bank	12	● Hambros Bank	11.5	● United Bk of Kuwait	12
Benchmark Bank	12	Hampshire Trust Plc	13½	Unity Trust Bank Plc	11.5
Brit Bk of Mid East	12	Heritable & Gen Inv Bnk.	11.5	Western Trust	11.5
● Brown Shipley	11.5	● Hill Samuel	11.5	Westpac Bank Corp.	12
CL Bank Nederland	11.5	C. Hoare & Co.	11.5	Whiteaway Laidlaw	11.5
● Charterhouse Bank	11.5	Hongkong & Shanghai	12	Yorkshire Bank	11.5
Citibank NA	12	● Leopold Joseph & Sons	12		
City Merchants Bank	11.5	Lloyds Bank	11.5		
Clydesdale Bank	11.5	Meghraj Bank Ltd	12		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

London rates steady

INTEREST RATES held steady in London yesterday, following Friday's cut of ½ point in UK bank base rates. No important economic data are due this week and in the absence of fresh factors the market is not yet looking for another rate cut.

Three-month sterling interbank was unchanged at 11½-11⅜ per cent and 12-month money was steady at 11⅛-11 per cent.

On Liffe June short sterling opened slightly lower at 88.77 and closed at 88.74, compared with 88.78 on Friday. This indicates a three-month interbank offered rate of about 11¼ per cent at delivery.

UK clearing bank base lending rate 11.5 per cent from May 24, 1991

Credit was in short supply on the cash market. The Bank of England initially forecast a shortage of £900m, but revised this to £850m at noon and back to £900m in the afternoon.

An early round of help was offered and at that time the authorities bought £334m bills outright, by way of £3m Treasury bills in band 1 at 11⅜ per cent; £18m bank bills in band 1 at 11⅜ per cent; £29m Treasury bills in band 2 at 11$\frac{5}{16}$ per cent; and £284m bank bills in band 2 at 11$\frac{5}{16}$ per cent.

Before lunch another £108m bills were purchased, via £13m bank bills in band 1 at 11⅜ per cent and £95m bank bills in band 2 at 11$\frac{5}{16}$ per cent. In the afternoon £175m bills were bought, through £141m bank bills in band 1 at 11⅜ per cent and £34m bank bills in band 2 at 11$\frac{5}{16}$ per cent. Late assistance of around £225m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,584m, with bank balances below target absorbing £70m. These outweighed exchequer transactions adding £330m to liquidity and a fall in the note circulation of £425m.

In Frankfurt call money rose to 8.825 from 8.60 per cent as credit conditions became tighter, after last week's particularly easy period on the money market. A meeting of the Bundesbank council today is expected to leave official interest rates unchanged.

In Madrid the recent downward trend in longer term rates was halted after the Bank of Spain sold certificates at 12.85 per cent, compared with 12.75 on Monday and Friday. This was taken as a signal that the central bank has not yet bowed to calls from its European partners to weaken the peseta, by cutting interest rates, and thus ease pressure on the weaker members of the ERM.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 28)	3 months US dollars	6 months US Dollars	
bid 5⅞	offer 6⅛	bid 6⅛	offer 6¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8½
Broker loan rate	7½
Fed funds	5¾
Fed funds at intervention	-

Treasury Bills and Bonds

One month	4.52	Three year	7.07
Two month	5.40	Four year	7.29
Three month	5.54	Five year	7.65
Six month	5.85	Seven year	7.93
One year	6.06	10-year	8.07
Two year	6.66	30-year	8.20

May 28	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.75-7.90	8.75-8.90	8.80-8.95	8.85-9.00	8.90-9.05	9.00
Paris	10-10¼	9⅝-9¾	9⅝-9¾	9⅝-9¾	[illegible]	9.25
Zurich	7⅞-7⅞	8-8⅛	-	8-8⅛	[illegible]	-
Amsterdam	8.81-8.75	8.95-9.03	-	8.98-9.08	[illegible]	-
Tokyo	7⅝-7⅞	7⅞-7⅝	-	-	[illegible]	-
Milan	10⅝-10⅞	11⅛-11⅝	-	11⅛-11⅝	[illegible]	-
Brussels	8.75-8.88	8⅝-8⅞	-	8⅝-8⅞	[illegible]	-
Dublin	10⅞-10⅞	10⅜-10⅞	10⅜-10⅝	10⅜-10⅝	10⅛-10⅝	-

LONDON MONEY RATES

May 28	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12	11½	11⅝	[illegible]	[illegible]	11⅛
Interbank Bid	11	11¼	11½	[illegible]	[illegible]	11
Sterling CDs	-	-	11⅝	[illegible]	[illegible]	11⅛
Local Authority Deps.	11½	11⅝	11½	[illegible]	[illegible]	11
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11⅝	11½	11⅜	[illegible]	-	-
Company Deposits	-	-	11⅝	[illegible]	[illegible]	11⅛
Finance House Deposits	-	-	11⅝	[illegible]	[illegible]	11⅛
Treasury Bills (Buy)	-	-	11⅛	[illegible]	-	-
Bank Bills (Buy)	-	-	11⅛	[illegible]	[illegible]	-
Fine Trade Bills (Buy)	-	-	-	-	[illegible]	-
Dollar CDs	-	-	5.90	5.95	6.09	6.43
SDR Linked Dep. Offer	-	-	7⅞	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	-	-	7⅝	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	-	-	9⅞	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	-	-	9⅝	[illegible]	[illegible]	9⅛

Treasury Bills (sell): one-month 11⅛ per cent; three months 10¾ per cent. Bank Bills (sell): one-month 11⅛ per cent; three months 10⅞ per cent; Treasury Bills; Average tender rate of discount 10.8148 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day April 30, 1991. Agreed rates for period May 26, 1991 to June 25, 1991, Scheme I: 13.07 p.c. Schemes II & III: 13.32 p.c. Reference rate for period March 29, 1991 to April 30, 1991, Scheme IV&V: 12.024 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12½ from May 1, 1991. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8½ per cent; one-three months 11 per cent; three-six months 10½ per cent; six-nine months 10 per cent; nine-twelve months 9½ per cent; Under £100,000 8½ per cent from April 15, 1991. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

No.7,554 Set by DANTE

ACROSS

1 Pass directions around the circuit (8)
4 Is inquisitive about the tank and soldiers (8)
9 Neural disorder is imaginary (6)
10 Cut back solidified fish (8)
12 Note eye-catching gadget for pruning (8)
13 Still it could be interference (6)
15 School bill returned (4)
16 He will stick at his job (10)
19 Warmer in the main (4,6)
20 Role reversal can let an actor down (4)
23 Vehicle it is illegal to leave in the street (6)
25 Gave notice (8)
27 He may pass on what he knows (8)
28 A row about a pig – say it isn't yours (6)
29 Unnecessary to goad Hitler's bodyguard (8)
30 Roman with a settled routine in public transport (6)

DOWN

1 Be equal to change in uniform (7)
2 Occasional butt from goat following girl (5,4)
3 New hats we put bands round (6)
5 One in race to destruction (4)
6 Holiday with Virginia gets accountant into trouble (8)
7 Health food (5)
8 A cider's mixed in a cocktail (4-3)
11 Doctor to tell stories about dramatist (7)
14 Delighted when record rise took the pressure off (7)
17 Rejects tutors who spell badly (6,3)
18 Particular pieces garbled by a learner (8)
19 Bitterness associated with an age old craft (7)
21 They're too keen on minor details and burst into tantrums (7)
22 I tried a more orderly arrangement (6)
24 Find time before the event (5)
26 They may be placed but are best misplaced (4)

Solution to Puzzle No.7,553

dell inelita

WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices May 28

INDICES

NEW YORK

DOW JONES	May 27	May 24	May 23	May 22	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	(c)	2913.91	2900.04	2910.33	3004.46 (17/4)	2470.30 (9/1)	3004.46 (17/4/91)	41.22 (2/7/32)
Home Bonds	(c)	94.74	94.75	94.78	95.06 (9/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	(c)	1156.32	1148.45	1138.75	1202.57 (9/5)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	(c)	218.14	209.07	210.89	220.89 (16/4)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High (c) (2931.13) Low (c) (2898.78)

STANDARD AND POOR'S	May 27	May 24	May 23	May 22	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	(c)	377.49	374.96	376.19	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	(c)	449.92	446.92	448.31	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	(c)	29.96	29.54	29.57	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	(c)	206.46	205.45	205.94	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	(c)	362.54	360.52	359.88	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	(c)	492.67	489.50	487.29	511.32 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	May 10	May 3	Apr 26	year ago (approx.)
Dow Industrial Div. Yield	3.34	3.44	3.47	3.83

	May 22	May 15	May 8	year ago (approx.)
S & P Industrial div. yield	2.79	2.86	2.78	2.94
S & P Ind. P/E ratio	18.89	18.97	18.53	16.08

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

CANADA TORONTO

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Indices based 1975 and Montreal Portfolio 4/1/... Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	May 28	May 27	May 24	May 23	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1518.2	1536.1	1536.8	1532.8	1558.3 (29/4)	1204.5 (16/1)
All Mining (1/1/80)	636.1	642.0	645.6	647.9	680.1 (29/4)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	504.72	505.61	503.68	503.81	534.82 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1158.59	1163.94	1166.56	1167.82	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	355.07	354.47	354.37	354.74	355.07 (28/5)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1073.3	1081.7	1077.9	1059.2	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	481.96	480.65	486.34	483.54	493.78 (9/4)	394.88 (15/1)
CAC 40 (31/12/87)	1807.81	1802.52	1809.83	1813.71	1851.89 (3/4)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	704.64	704.88	700.12	695.23	704.88 (27/5)	570.48 (15/1)
Commerzbank (1/12/53)	1997.2	1997.8	1983.7	1965.3	1997.8 (27/5)	1612.5 (15/1)
DAX (30/12/87)	1682.14	1681.45	1671.07	1662.71	1682.14 (28/5)	1311.02 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3594.78	3575.52	3703.98	3778.79	3917.09 (20/5)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1401.57	1399.68	1402.90	1399.12	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	592.43	592.51	589.66	583.41	602.64 (19/4)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	25390.67	25425.88	25529.14	25643.68	27146.91 (18/3)	22442.78 (16/1)
Tokyo SE (Topix) (4/1/68)	1926.55	1933.57	1944.67	1948.87	2028.85 (18/3)	1625.80 (17/1)
2nd Section (4/1/68)	3178.20	3189.02	3218.85	3229.4	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	(c)	630.30	625.81	613.57	630.30 (27/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	278.0	277.4	276.5	277.8	280.1 (10/5)	221.4 (16/1)
CBS All Shr (End 1983)	198.4	198.0	197.3	198.3	202.8 (10/5)	162.3 (16/1)
THAILAND						
Bangkok SET (30/4/75)	(c)	810.33	812.54	800.73	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (ß)	508.2*	508.3	508.3	506.9	529.2 (17/4)	499.1 (16/1)

**Saturday May 25: Taiwan Weighted Price: 5959.92 Korea Comp Ex. 617.29.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 26 Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday 28 May 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Japan Steel	19.6m	644	+34	Nippon Oil	3.9m	1,070	+20
Hitachi Zosen	10.6m	677	+7	Tokai Carbon	3.8m	879	+14
Nippon Mining	8.9m	684	+18	Fuji Electric	3.5m	927	+19
Kawasaki Kisen	7.4m	686	+36	Chiyoda	3.6m	2,590	+80
Nisshin Steel	4.1m	739	+7	Mitsubishi Heavy	3.5m	755	-16

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

3:15 pm prices May 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	8¼	AAR Corp	0.48	0.04	12	216	13	12⅞	12⅞	
18¾	14⅝	A L Labs 4	0.10	0.01	13	27	16⅝	16⅝	16⅝	−⅛
54¾	46⅞	AMP Inc	1.44	0.03	18	1499	49½	48½	48½	−1
65⅞	44¼	AMR			13	1414	63¼	61¾	62⅝	+⅝
2⅝	1¼	ARX			2	6	1⅞	1⅞	1⅞	−⅛
49¾	41½	ASA	3.60	0.07	13	1158	47	44¾	46¾	+1⅝
54	36¼	Abbott Lab	1.36	0.02	22	2893	52⅞	51¾	52¾	+⅞
13⅜	8⅞	Abitibi Pr	0.50	0.04	36	3	13⅜	13⅜	13⅜	
11½	10⅝	ACM Gvt Ix				444	11⅜	11¼	11⅜	
9¾	8¼	ACM GvOpp	1.01	0.11		102	9⅜	9¼	9¼	−⅛
9¾	8¼	ACM Gvt Sp	1.01	0.11		136	u9¾	9⅝	9¾	+⅛
11	8⅞	ACM Gvt Sp x				457	10⅞	10¾	10⅞	+⅛
9¾	7⅝	ACM Man	1.61	0.12		1110	u9¾	9	9¾	+¼
12⅞	11⅞	ACM Mangd	1.60	0.10		219	12¾	10½	10⅝	
7¾	4⅜	Acme Cleve	0.40	0.30	16	15	6⅜	6⅜	3⅝	+⅛
8	3½	Acme Elect			37	19	3⅞	3⅞	3⅞	
46	22¾	Acuson			28	92	33¾	33½	33⅝	−⅛
17⅞	14¼	Adams Expr x	0.46	0.03	0	214	17¾	17⅝	17¾	
38⅜	13⅞	Adobe12P	2.46	0.12		3	18⅜	18⅜	18⅜	
9¾	7	Adobe Res			23	273	3	7⅞	3	+⅛
38	16	Ad Micro				203	35¼	34½	35¼	+¾
14¾	4⅜	Ad Micro P	3.00	0.23	14	2489	13	12¾	12⅞	−⅛
5⅜	2¼	Advest Grp	0.16	0.04	6	34	4¼	4¼	4⅜	
49⅞	33⅞	Aetna Lf	2.76	0.07	7	2691	41	40¼	40¼	−½
10⅝	6⅝	Afll A	0.24	0.03	35	61	8¼	8⅜	8¼	
18¾	12	Ahmanson	0.82	0.05	10	2503	18⅜	17⅞	18¼	+¼
9½	2⅞	Aileen Inc			13	334	3⅜	3	3⅜	
70⅞	61⅞	Air Pr Chm			15	384	68⅞	67¾	68⅞	+⅝
26⅞	16⅝	Airbns Frt	0.30	0.01	14	13	24	24	24	−⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

مكتبة منى الأصل

NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices May 28

[illegible]

NASDAQ NATIONAL MARKET

3:00 pm prices May 28

[illegible]

AMERICA

Automotive sector active in post-holiday trading

Wall Street

US EQUITIES outpaced the bond market by the early afternoon yesterday, after moving in tandem in early trsding. Share prices registered moderate gains in subdued, post-holiday trading, *writes Koren Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average was 16.99 higher at 2,930.90, on moderate volume. The broadly based Standard & Poor's 500, however, eased 0.07 to 377.42 by 12.30 pm and declining issues led advancing stocks by seven to six. Wall Street was shut on Monday.

The bond market was unable to shake-off its holiday stupor and bonds were unchanged to ⅛ point higher at midsession.

Shares in Bankers Trust added $2¼ to $52⅛ and J.P. Morgan rose $⅞ to $53⅛ after an analyst at Shearson Lehman Brothers npgraded his investment rating to huy, and increased earnings estimates for both banks.

News that American Barrick and Newmont Mining were discussing a possihle merger spurred trading in American Barrick, which added $¼ to $19⅝. Shares in Newmont Mining were suspended at midsession, but Newmont Gold added $¼ to $16¾. The proposed merger, in which American Barrick would swap 1.8 shares for each Newmoot share, could include Newmoot Gold.

Potlatch dropped $4¾ to $41½ after the company said late on Friday that it was not for sale. International Paper, which had expressed interest in s frieodly acquisition, eased $⅝ to $63.

Sunstraod slid $1⅞ to $32 after the company projected significaotly lower second quarter earnings from continuing operations.

Automobile issues were particularly active in morning tradlog. General Motors climbed $1¼ to $40½. Ford added $41⅛ to $34½ and Chrysler gained $¼ to $13¼. Among other actively traded blue chip issues, Philip Morris improved $⅝ to $68⅛, Pepsico firmed $½ to $32¼ and IBM fell $1¼ to $103⅞.

Shares in L.A. Gear edged $¼ higher to $10⅝ after the troubled fashion sport shoe maker said it had s definitive agreemeot to sell $100m in convertible preferred stock to Trefoil Capital Investors, an investment fund managed by Shamrock Capital Advisers.

In the secoodary market, Merrill Corporation jumped $1½ to $17½ after the typesetting, printing and distribution services company turned in first-quarter net income of 43 cents a share, against 37 cents a year earlier.

Dell Computer rose $¼ to $24¾ on the news that it had introduced a desktop computer based oo Intel's 386-SX chip and designed for business applicatioo. Shares in Intel rose $1 to $52. Apple Compoter was the most sctive issue of tbe morning, easing $½ to $45⅞.

Shares in Ceotocor, whicb rose sharply last week, added another $1⅞ to $38⅞ on expectations that the Food and Drug Administration would look in September at the company's drug to treat septic shock associated with surgery.

Canada

TORONTO STOCKS climbed across the hoard by midsession, on buying triggered by expectations of e turnround in the economy.

The composite index gained 13.0 to 3,469.6 and advances led declines by 92 to 68, on volume of 14.7m shares.

Paper and forest products companies rose as lumber prices advanced following a gain in housing starts in the US and Canada. MacMillan Bloedel gained C$½ to s 52-week high of C$20⅛.

A jump in Comex gold futures lifted gold shares. American Barrick, in merger talks with US-based Newmont Mining, rose C$⅝ to C$22⅜.

Tbe Bank of Nove Scotia firmed C$¼ to C$17⅞. The bank announced a rise in second-quarter net earnings.

ASIA PACIFIC

Japan ends little changed as HK recoups part of loss

Tokyo

THE ABSENCE of overnight activity on overseas markets, owing to Monday's holidays in the US and UK, subdued Tokyo yesterday. The Nikkei average closed marginally lower on small-lot selling, *writes Emiko Terazono in Tokyo.*

The index lost a net 35.21 at 25,390.67, after a day's high of 25,517.41 and low of 25,340.96. Volume remained thin, 240m shares changing hands compared with Monday's 200m.

Declines led sdvances hy 530 to 381, with 198 issnes unchanged. The Topix index shed 7.02 to 1,926.55, and in London trading the ISE/Nikkei 50 index eased 0.06 to 1,435.36.

Activity centred on short-term trading hy dealers, yesterday being the last trading day for May delivery contracts.

Nippon Telegrapb and Telephone, the henchmark stock, fell Y7,000 to Y920,000.

The lack of news left investors and dealers focusing on reports of a joint oil refinery construction project in Saudi Arabia. Nippon Oil added Y20 at Y1,070, Arahian Oil rose Y130 to Y6,900 and Chiyoda, the plant engineer, climbed Y50 to Y2,590.

Other companies related to plant construction also rose. Nippoo Mining gained Y10 to Y584, oil tank constructor Toyo Kanetsu Y30 to Y1,180 and Japan Steel Works Y34 to Y844.

Profits news and forecasts influenced some share prices. Yokogawa Bridge Works, the leading bridge maker, fell Y230 to Y2,200, the year's low. Investors were discouraged by the company's forecast of an 11 per cent drop in pre-tax profits.

Nippon Densetsu Kogyo, the rail and signal installation concern, dipped Y170 to Y2,080 on projections of a marginal 2 per cent rise in pre-tax profits for the current year. It had been popular recently on hopes that it would benefit from capital spending hy Japan Railway.

Fujikura, the electric cables and wire maker, put on Y40 to Y1,070 on forecasting a 29 per cent pre-tax profits increase.

Taiyo Yuden, the electrolytic capacitor maker, fell Y72 to Y928 after announcing a 49 per cent drop in pre-tax profits. Banks also declined on sharp profit falls, caused by a rise in interest rates, lower margins and poor stock market conditions. Dai-Ichi Kangyo Bank lost Y50 to Y2,440 and Sumitomo Bank Y30 to Y2,430.

Shipping companies were sought on rumours of a merger. Kawasaki Kisen moved up Y38 to Y565 and Mitsui OSK Lines added Y27 at Y627. Mitsui OSK also benefited from rumours of speculative activity related to political fund raising.

In Osaka, the OSE average slipped 156.92 to 27,916.08 on volume of 19.1m shares, up from 16.3m. Hosiden, the electronics parts maker, fell for the fourth consecntive day, losing Y10 to Y1,870, on a lower than expected profits forecast. The issue had been popular previously on the liquid crystal display theme promoted hy the Japanese brokerages.

Roundup

ENCOURAGING news from the US revived Hong Kong yesterday, but other Pacific Rim markets were quietly mixed. Singapore, Kuale Lumpur and Bombay were closed.

HONG KONG bounced back after the previous day's 3.5 per cent fall, but ended well below the day's high.

The news that US President George Bush intended to extend China's most favoured nation trading stetus for another year belped the Hang Seng index make an early 68-point rise, but it fell back to close at 3,594.78, up 19.26. Turnover contracted to HK$1.37bn from HK$1.67bn.

AUSTRALIA lost 1.1 per cent as the state of the local dollar and speculation over the future of Treasurer Mr Panl Keating unnerved investors. The All Ordinaries index shed 17.0 to 1,518.2. Volume shrank to a three-month low, with only 65m shares worth A$142m traded. NEW ZEALAND's Barclays index declined 11.66 to 1,497.76, also in thin trading.

MANILA fell on worries over a possible general strike next week. The composite index, down 1.2 per cent on Monday aftsr last week's 17-month high, lost 12.31 or 1 per cent to 1,167.15. The Ayala Land share offer also kept funds out of the market, turnover falling to 82m pesos from 105m.

On the over-the-counter market, Ayala Land traded at 28 pesos a share – a 7.7 per cent premium to the offer price of 26 pesos.

TAIWAN's trading volume declined to its lowest level for more than two months, as share prices edged higher after the previous day's losses. The weighted index gained 37.72 to 5,939.17 in turnover of T$33.3bn, down from T$46.2bn.

SEOUL fell to a low for the year in light trading, the composite index ending 3.48 off at 613.82. Turnover came to Won62.5bn (Won62.1bn).

News that North Korea will apply for membership of the Onited Nations failed to inspire the market.

SOUTH AFRICA

MODEST investment interest and a weaker financial rand helped lift Johannesburg industrials to a record high of 3,599, up 3 yesterday, while golds firmed 12 to 1,191 in spite of a lack of direction in world hullion prices.

European laggards and Malaysia take lead

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1991	Start of 1991	Start of 1991
Austria	−1.42	−3.46	−15.62	+14.70	+11.98	+0.40
Belgium	−2.00	+3.32	−7.15	+16.39	+14.14	+2.34
Denmark	+1.22	+3.30	−2.82	+18.29	+16.32	+4.30
Finland	+3.17	+4.21	−14.62	+25.18	+24.91	+12.00
France	−1.07	+1.19	−15.88	+18.00	+15.32	+3.41
Germany	+3.13	+1.85	−10.50	+16.27	+13.48	+1.75
Ireland	−0.49	−2.36	−13.18	+17.67	+15.85	+3.88
Italy	+2.95	+1.02	−23.20	+13.82	+12.65	+1.02
Netherlands	+1.31	−1.19	+0.73	+18.38	+15.72	+3.76
Norway	+0.34	+7.71	−13.44	+13.24	+11.54	+0.01
Spain	−0.02	+3.51	+2.68	+27.41	+27.97	+14.74
Sweden	+4.81	+4.12	−7.34	+28.06	+31.10	+17.55
Switzerland	+2.36	+2.01	−3.80	+21.81	+19.13	+8.83
UK	+0.47	−0.42	+7.35	+15.31	+15.31	+3.39
EUROPE	*+0.94*	*+0.51*	*−3.48*	*+18.97*	*+15.76*	*+3.79*
Australia	+0.56	−0.02	+7.67	+21.88	+33.55	+19.75
Hong Kong	−4.38	+2.48	+21.18	+25.56	+40.60	+25.98
Japan	−0.28	−0.42	−18.24	+12.08	+22.50	+9.83
Malaysia	+7.12	+4.19	+8.73	+17.67	+28.79	+15.48
New Zealand	+0.49	+5.14	−18.33	+20.94	+33.71	+19.88
Singapore	+1.88	−0.17	−5.94	+30.05	+42.46	+23.73
Canada	+0.03	−1.56	−1.83	+4.32	+17.51	+5.37
USA	+1.38	−0.54	+5.41	+14.67	+27.88	+14.67
Mexico	+3.41	+8.94	+89.94	+73.43	+90.90	+71.17
South Africa	+1.98	+2.59	−6.28	+13.08	31.92	+18.29
WORLD INDEX	*+0.65*	*−0.18*	*−5.38*	*+14.53*	*+23.07*	*+10.35*

† Based on May 24th 1991. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Ltd

By William Cochrane

THE RECENT succession of market holidays has given international fund managers time to think and, apparently, the will to act. The rise of less than a percentage point in the FT-Actuaries World Index last week masked some significant changes in the flow of funds.

In Europe a feeling that London was running out of immediate possibilities brought foreign investment back into the laggard markets of Germany and Italy, while there were also politico-economic excitements in Scandinavia.

In the Pacific Basin, Tokyo's lethargy was relieved by enthusiastic buying in Malaysia, and e severe attack of nerves in a Hong Kong market which, until last week, had seemed to be aiming for record highs.

Frankfurt hroke new high ground for 1991 last week as international inveators returned, and domestic institutions bought banks for their recovery prospects and chemicals for their dividends. But the most significant feature, in terms of sentiment, was German trading volume, which hit a peak on Wednesday of DM11.4bn ($6.6bn), up from the previous day's DM6.6bn.

Milan was firm in spite of the controversial Generali rights issue and the banking sector's exposure to financial troubles at the agricultural co-operatives, Federconsorzi. Fiat's maintained dividend and new equity buy-back programme were well received. Kleinwort Benson says that although the market is cheap, the UK bank remains cautious about Italy's political and economic situation.

Sweden was Europe's best performer on the week with a rise of 4.8 per cent, most of it coming on the news that the krona was to be linked to the Ecu, not the dollar. Speculation that Finland might do something similar brought it along in train.

The best rise of the week came from Malaysia. Stockbrokers said that the equity market was being driven by an enormous surge in money supply, growing at 50 per cent in March on a year-on-year basis; that the bndget deficit had risen to about 7 per cent of gross domestic product; and that the rise in interest rates this would normally indicate had been replaced, in the short-term, by a rundown in government deposits.

Kuala Lumpur was also lifted by speculation that a drop from 70 to 50 per cent in the proportion of the employers' provident fund that must be devoted to government stocks could mean an equivalent boost for equities; and by a sizeable increase in Malaysia's contribution to the FT-Actuaries index for the Pacific Basin, ex Japan.

Hong Kong moved from the prospect, just over a week ago, of breaking records, into a fit of depression on the failure of the latest round of Sino-British talks on the airport project, and fears that the US would put conditions on the renewal of China's most favoured nation trading status. Friday's one-point jump in domestic interest rates added to the pressure, hnt confidence revived yesterday as the US President said he would renew Chinese trading privileges.

EUROPE

Frankfurt and Milan consolidate their gains

INDIVIDUAL shares moved more than national equity markets yesterday, as the recent winners, such as Frankfurt and Milan, seemed satisfied to hold on to their gains, *writes Our Markets Staff.*

FRANKFURT recovered from profit-taking, scraping to a new 1991 high with the DAX index just 0.69 up at 1,682.14, after a 0.24 fall to 704.64 in the FAZ at midsession. Volume eased from DM7.9bn to DM7.6bn.

Ms Barbara Altmann of B Metzler in Frankfurt said that the hig German hanks had come in with buying orders; one story said that Bayerische Vereinshank had started to hoy for its own funds.

Siemens was busy, the parent company rising DM3.90 to DM632.90 on turnover of DM919m as it reported a big order in Dubai. Nixdorf put on DM15.90, or 6.3 per cent, to DM269.80 on a combination of a trader play, and a Deutsche Bank presentation in Belgium.

Earnings reports had mixed effects. In steels, Thyssen fell another DM4.50 to DM220 after its first-half sethack; hut in retailing, Kaufhof added DM12 to DM510 on a forecast of higher sales and profits.

MILAN was steady but a little more selective, said Mr Marco Cipelletti of Sanpaulo Bank. The Comit index eased 0.08 to 592.43. Italian equities, according to Sanpaulo, have further to go after their recent recovery: mutual funds should be sitting on piles of cash, having been net sellers since last November; and Italy is selling at about the lowest price/cash flow (of about 2.5) in Europe.

Yesterday's individual features included Latins, the insurer reported to be in Fondiaria's takeover sights, which rose L370 to an after-hours price of L12,400; and Eridania, the agri-prodncts group, up L220 at L7,390 after Monday's forecast of higher 1991 profits.

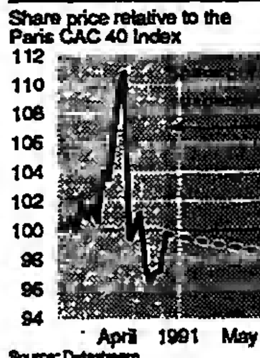
In retailing, Standa put on L2,210 to L37,000 on speculation that Mr Silvio Berlusconi would be willing to sell the chain store group.

PARIS edged higher, with the CAC 40 index rising 6.29 to 1,807.81, as interest focused on LVMH. The luxury goods group gained FFr164 or 4.1 per cent to FFr4,212 in active trading of 30,730 shares.

The rise in LVMH came as a rumour circulated in France and the UK that Guinness – which underperformed the Londoo market yesterday – was increasing its stake. In addition, there was news this week that Mr Bernard Arnault, LVMH chairman, would receive a cash boost from the sale of Conforama, the furniture retailer controlled by one of his companies.

Nouvelles Galeries

Share price relative to the Paris CAC 40 Index



Source: Datastream

Nouvelles Galeries, the department store company at the centre of a takeover battle, jumped 6.8 per cent on the first day of trading since its suspension on April 26. The shares ended FFr53 up at FFr833, but below e day's high of FFr857, with 18,950 exchanged. Galeries Lafayette, which was forced to bid for the company after buying a stake from Sweden'a Proventus, dropped FFr73 or 4.1 per cent to FFr1,725.

Alcatel Alsthom, which is reported to be bidding for a contract to supply high-speed trains to Texas through its 50 per cent-owned GEC Alsthom unit, added FFr6 to FFr579.

ZURICH hit another year's high in good volume, on buying of high quality blue chips, as the Crédit Suisse index moved up 1.6 to 550.1. Investors switched from Roche certificates, which led the active list as they eased SFr20 to SFr4,870, into Ciba-Geigy, where the registered rose SFr130 to SFr2,490.

AMSTERDAM rose on the firmer dollar and domestic bond market, but closed below its day's high. The CBS Tendency index ended 0.4 up at 94.5, after reaching 94.8 earlier.

Computer stocks were volatile. Infotheek dropped Fl 3 or 25 per cent to Fl 9 after saying that it needed to raise fresh equity. HCS Technology fell 80 cents or 13.1 per cent to Fl 5.30, a post-1987 crash low; dealers believed that Friday's Fl 136m capital increase had included a Fl 100m placing at about only Fl 4 or Fl 4.50 a share.

BRUSSELS saw demand for individual stocks, but the market closed mixed. Bekaert, the steel wire and cord maker, rose BFr180 or 2.1 per cent to BFr8,640 after saying that results had improved in the first four months of the year.

FN was boosted by a newspaper report of an arms deal with Saudi Arabia. FN ordinary stock closed BFr7 or 5.6 per up at BFr132, after hitting a day's high of BFr148, hut analysts pointed out that most of FN's activities had been sold to Giat of France last year.

OSLO's banking index fell 2.7 per cent on concerns over loan losses, as the all-share fell 2.65 to 513.71 in NKr300m turnover.

MADRID was little changed in quiet trading. Hidrola, the utility, gained Pta5 to Pta562 in volume of 987,946 shares.

ISTANBUL shed 5.1 per cent, as the 75-share index fell 196.70 to 3,643.42.

FT-SE Eurotrack 100 - May 28

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1135.42	1134.19	1135.07	1136.85	1137.76	1138.19	1139.35	1138.35

Day's High 1139.49   Day's Low 1134.02

May 24	May 23	May 22	May 21	May 20
1132.21	1132.62	1131.74	1123.75	1120.04

Base value 1000 (26/10/90)

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY MAY 27 1991								FRIDAY MAY 24 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (72)	141.18	−0.1	120.96	123.51	125.41	123.90	−0.1	5.36	141.37	121.12	123.86	125.58	124.07	147.30	112.74	134.28
Austria (19)	197.85	+0.2	169.51	173.10	175.74	175.83	+0.2	1.50	107.43	169.15	172.73	175.37	175.46	222.37	167.00	241.33
Belgium (60)	134.53	−0.8	115.26	117.68	118.49	118.78	−0.5	5.06	135.31	115.93	118.37	120.19	117.46	151.20	121.73	148.87
Canada (117)	137.15	+0.1	117.51	110.98	121.82	114.11	+0.1	3.51	137.01	117.38	110.86	121.69	113.99	141.10	126.49	134.87
Denmark (31)	242.94	+0.1	208.14	212.54	215.79	218.51	+0.1	1.55	242.63	207.87	212.27	215.52	218.23	270.56	217.74	255.63
Finland (21)	115.34	−0.2	98.82	100.91	102.46	86.05	−0.2	2.48	115.52	98.97	101.07	102.61	86.20	125.15	90.61	137.12
France (111)	135.98	−0.2	118.50	118.96	120.78	123.83	−0.2	3.44	136.24	116.72	118.18	121.00	124.06	152.26	121.85	165.40
Germany (88)	114.63	+0.7	98.21	100.30	101.82	101.82	+0.7	2.18	113.68	97.55	99.62	101.13	101.18	125.35	102.43	126.60
Hong Kong (47)	147.73	−3.7	126.56	129.24	131.22	147.41	−3.7	4.64	153.46	131.47	134.25	136.31	153.13	181.77	119.62	126.77
Ireland (17)	153.76	−0.3	131.74	134.52	136.58	138.31	−0.3	4.06	164.22	132.13	134.92	136.99	138.72	182.46	132.88	180.73
Italy (91)	79.50	+0.5	68.11	69.55	70.62	75.47	+0.5	3.14	79.11	67.77	69.20	70.26	75.09	88.23	72.05	105.89
Japan (452)	138.38	−0.5	116.85	115.31	121.16	119.31	−0.5	0.72	137.03	117.40	115.88	121.74	110.68	146.97	118.35	157.86
Malaysia (33)	246.68	+0.7	211.35	215.80	210.11	261.93	+0.7	2.90	244.97	209.87	214.30	217.58	260.11	247.78	192.83	234.26
Mexico (12)	1000.33	+0.0	857.02	875.13	888.54	3272.38	+0.0	0.80	1000.41	857.09	875.20	888.61	3272.82	–	534.45	531.05
Netherland (40)	139.52	+0.4	119.53	122.06	123.93	122.52	+0.4	4.43	139.01	119.10	121.61	123.48	122.07	145.73	125.70	139.46
New Zealand (14)	51.61	−0.8	44.22	45.15	45.84	47.03	−0.8	7.57	52.04	44.58	45.53	46.22	47.42	54.64	41.18	63.31
Norway (30)	206.49	+1.1	176.01	180.55	183.42	185.58	+1.1	1.62	204.30	175.03	178.74	181.48	184.61	223.24	182.24	239.95
Singapore (25)	202.50	−0.5	173.49	177.16	179.87	165.17	−0.5	2.03	203.44	174.30	177.98	180.70	165.94	208.25	151.63	206.87
South Africa (60)	218.05	−0.1	185.10	189.01	191.90	153.83	−0.1	3.72	218.34	185.34	189.26	192.15	154.03	218.89	173.00	188.32
Spain (41)	181.48	+0.3	138.34	141.27	143.43	129.79	+0.3	4.32	161.00	137.94	140.86	143.01	129.41	171.12	131.51	157.54
Sweden (27)	190.37	+1.8	163.10	166.55	169.10	172.69	+1.8	2.53	187.44	160.59	163.98	166.50	170.03	204.12	146.60	210.67
Switzerland (66)	95.50	+0.5	81.82	83.55	84.84	86.15	+0.5	2.27	95.00	81.39	83.12	84.40	85.70	100.67	82.17	101.07
United Kingdom (293)	171.28	+0.0	146.75	149.63	152.13	146.75	+0.0	4.86	171.29	148.75	149.83	152.13	146.75	187.44	156.27	155.12
USA (523)	152.86	+0.0	130.96	133.74	135.78	152.86	+0.0	3.21	152.86	130.96	133.74	135.78	152.86	156.24	125.95	143.42
Europe (935)	139.90	+0.2	118.86	122.39	124.27	122.31	+0.2	3.89	139.83	118.63	122.16	124.03	122.08	151.52	125.50	144.62
Nordic (109)	184.86	+0.9	158.38	181.73	164.20	159.90	+0.8	2.02	183.29	157.03	160.35	162.81	158.54	200.81	155.55	203.45
Pacific Basin (643)	136.73	−0.6	117.14	110.62	121.45	120.17	−0.8	1.06	137.48	117.79	120.28	122.12	120.84	145.92	117.88	155.82
Euro – Pacific (1578)	138.37	−0.2	118.55	121.05	122.90	121.92	−0.2	2.24	138.71	118.84	121.34	123.20	122.22	147.88	121.29	151.84
North America (640)	151.61	+0.0	130.06	132.83	134.87	150.25	+0.0	3.22	151.30	130.05	132.82	134.86	150.24	157.04	125.91	142.81
Europe Ex. UK (642)	120.67	+0.3	103.38	105.58	107.20	107.98	+0.3	3.09	120.26	103.03	105.23	106.85	107.60	129.80	106.86	136.36
Pacific Ex. Japan (191)	139.75	−1.4	119.73	122.28	124.14	125.22	−1.4	4.81	141.72	121.42	124.01	125.90	128.00	145.66	111.40	130.81
World Ex. US (1767)	139.60	−0.2	119.60	122.14	124.01	122.70	−0.2	2.30	139.92	119.88	122.42	124.29	122.98	148.18	122.32	151.66
World Ex. UK (1997)	140.28	−0.2	120.18	122.73	124.61	130.58	−0.2	2.35	140.51	120.38	122.93	124.82	130.81	145.77	120.06	146.90
World Ex. So. Af. (2230)	142.58	−0.1	122.15	124.75	126.66	132.03	−0.1	2.62	142.79	122.33	124.93	126.84	132.22	148.86	122.92	147.36
World Ex. Japan (1838)	147.86	+0.0	126.70	129.39	131.38	139.03	+0.0	3.54	147.86	126.66	129.37	131.36	139.01	152.63	126.69	143.76
The World Index (2290)	143.02	−0.1	122.53	125.13	127.05	132.18	−0.1	2.63	143.23	122.71	125.31	127.23	132.38	149.01	123.28	147.61

Latest prices were unavailable for this edition. Markets closed May 27: United Kingdom and USA.